PARIS, MONDAY, SEPTEMBER 12, 1983

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ESTABLISHED 1887

WEATHER DATA APPEAR ON PAGE 22

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will accept the award on her mother on Salunday U.S. Rejects Appeal To Widen Role of

expedition led by Park to of the Everest climber to Hillary, has established camp ir an attempt od i Makalu ir northessenik lary, 25, of Auckland N Troops in Lebanon and his teammates and Aug. 30 at 17.38 feet 2. Assale the 27.552-100 kg

By Bernard Gwertzman New York Times Sernce

WASHINGTON - The United States and the other Western na-The principal of one of turned down a Lebanese govern-ment request that they enter the Chur area around Beirut and try to halt the civil strife there, according published in a ser man to Secretary of State George P. Shultz and other administration of-

Speaking Friday to reporters aboard his air force plane as he returned to Washington from Madrid, Mr. Shultz said President Amin Gemayel of Lebanon asked the United States, Britain, France and Italy last week to broaden the scope of the peacekeeping force and move inm the area recently vacated by Israel

them on our wall in se Beirut's Army Is Said to Face Several Forces

> Compiled by Our Staff From Dispatches BEIRUT - Battles in the mountains near Beirut intensified Sunday night amid allegations that Syrians, Palestinians and Iranians were fighting the Lebanese Aimy alongside anti-government Druze and leftist militias.

> U.S. Marine peacekeeping troops, meanwhile, came under hombardment for the first time in three days Sunday.

Rockets and possibly artillery shells slammed within and just outside the marine perimeter at Beirnt airport, forcing the multinational unit into full alert at 9:30 P.M., Warrant Officer Charles Rowe

He said the marines returned some light arms fire with antomatic rifles and that the bombardment was launched from Druze strongholds in the Chuf mountains.

ed shelling of aimy positions. The main area of fighting appeared to be around Souq el Gharb, about 9 miles (15 kilome-

ters) from the center of the city, where anti-government forces have repeatedly attacked Lebanese Army positions in recent days.

Lebanese officers and Western

military officials separately alleged that foreign soldiers were involved in three assaults Saturday night on Souq el Gharb.
The Western officials said a

force of 2,000 men, including Syriand wounded 28 in one attack.

the night's fighting, saying one of them was Syrian and the others Palestinian guerrillas. An army spokesman produced identity documents he said belonged to the Syrian and one Palestinian. No documents were found on the third

body.

The Western officials, quoting Lebanese officers, said some of the attackers spoke with Syrian accents and some Palestinian. Others spoke i foreign tongue and were apparently from Iran, they said. The raiders crept up on army soldiers and set upon them, diamembering a

company commander with a hatch-et, the officials said. The Iranians were thought to be Revolutionary Guards based in Syrian-held areas of Lebanon's Bekaa valley, they added. In Jerusalem, a senior Israeli of-

anti-guerrilla patrois north of its Awali river line in southern Lebanon, and senior officials warned that Israel would not tolerate Palestinian guerrilla operations against

its forces. Defense Minister Moshe Arens said at a cabinet meeting Sunday that Israel might strike at Palestin-(Continued on Page 2, Col. 7)

INSIDE

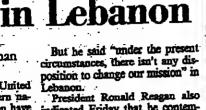
Protests continue in Chile despite mobilizing of Pinochet supporters.

John Vorster, a symbol of apartheid, is dead at 67. Page 5. SPORTS

Martina Navratilova defeated Chris Evert Lloyd to win her first United States Open singles title. Page 23.

BUSINESS/FINANCE I The Fed may not move as quickly to ease monetary policy Page 19. as some expect.

■ The United States slams the door on some steel imports un-Page 19. til mid-October.



tions with forces in Lebanon have indicated Friday that he contemplated no change in the mission of the LLS forces. "We are oot planning on ex-anding the forces that are there,"

he said during a telephone ques-tion-and-answer session with the Republican Western Regional Conference in Scottsdale, Arizona. He described the fighting for the first time as "a civil war" that he had not anticipated when be authorized the disptach of U.S. marines

nearly a year ago.
"I don't think we were prepared for, or believed there would be an outright civil war as there seems to be going on right now," he said.

The disclosure in Washington

came as efforts to arrange a ceasefire in Lebanon faltered and Druze militiamen laid siege to Christian claves in the Chuf mountains. As defined again Saturday by a senior State Department official,

the principal mission of the approximately 5,400 member force, of which 1,200 are U.S. marines, is to demonstrate political support and to add to the stability of the Lebanese government. But it is not, he said, to use force to settle differences among the Lebanese fac-

Mr. Shultz said: "It's fundamentally up to the government of Lebanon to come to grips with their own internal situation.

He said the United States was working hard, primarily through its special envoy, Robert C. McFarlane, to achieve a cease-fire and political settlement among the Leb-

Because of the intensified fighting, Mr. Reagan approved the moving of an additional 1,900 marines to positions off the coast of Lebanon, and he told the marine commander in Lebanon that he should call upon whatever forces were needed to protect his soldiers. But . Mr. Shultz said that there were no A Lebanese government spokes plans to have the additional ma-

men traitibe has represented for the state of the state o build up their forces either, Mr. Shaltz said. He conferred with the foreign ministers of the other three ed from Tokyo.] participating nations in Madrid on the Lebanese situation on Thurs-

out by all four countries.



woman that washed up on the Japanese coast. The woman is believed to have been abourd the downed Korean jetliner.

U.S. Says Russians Shot Cannon Fire' at 747

By Michael Getler Washington Post Service

WASHINGTON - A revised transcript of radio transmissions by a Soviet fighter pilot issued Sunday by the State Department shows that the pilot did fire bursts of "cannon fire" in the direction of a South Korean airliner six minutes before he fired two heat-seeking missiles that downed the 747 jum-

[In another development Sunday, Japanese searchers found the waterproof identification card of a Canadian woman on the Korean plane, "the first definite" evidence from any of the flight's passengers, United Press International report-

The revised transcript raises new questions about whether the Soviet Union did, as it has repeatedly Mr. Gemayel had asked the claimed, try to warn the Korean Americans, British, French and pilot that he had strayed far into Italians to increase the size of the Soviet airspace, whether the shots force to about 12,000, an official were aimed at the plane in an initial said Saturday, but this was ruled effort to shoot it or force it down, or whether the shots were an inef-

fective means of getting the airline pilot's attention.

In releasing the transcript, however, the State Department maintained that this additional analysis of the tapes "reinforces our belief that the totality of the events remains exactly as stated by the U.S. "The Korean airliner was oot

aware of the Soviet fighters, oor was it aware that any warning was given. The Soviets consciously made the decision to shoot down the aircraft ... an unarmed civilian airliner, and it cost the lives of 269 innocent people." A key question is whether the

bursts of machine gun, or cannon, fire were with regular bullets. which the airliner pilot is oot likely to have seen at night, or were highly illuminated tracer bullets that normally would have been visible. "If they were all tracers, it's in-

conceivable that he [the Korean pilot] would have missed all those tracers going by. But if they were shots that are just regular, oormal

(Continued on Page 2, Col. 1)

I Ze Is Given A man identified as the Soviet pilot who shot down the

Korean airliner appeared in a Soviet television interview.

Soviet Fighter Pilot Tells His Side in TV Interview

By Serge Schmemann New York Times Service

MOSCOW - Soviet televisioo broadcast an interview Saturday night with a Soviet fighter pilot who was identified as having shot down the Korean Air Lines 747 plane on Sept. 1.

The pilot, who appeared to be about 45 with graying, tousled hair, a rugged face and a raspy voice, was not named or identified by

rank.
"I had a specific task assigned me," he said, "and I tried to accomplish it as well as possible — a military task, which is the meaning of my entire life."

He sat slouched in an easy chair, dressed in a brown leather jacket, blue cottoo pants and blue shirt as he spoke to the interviewer, Alex-ander Tikhomirov of Soviet state television, on a base on Sakhalin

The pilot described his certainty that he was dealing with an "enemy aircraft," and told how he had wagged his plane's wings and fired four bursts of tracer shells along the jetliner's route.

This, in international code, sig-nifies that 'you're an intruder,' " he said. "He had to answer somehow that 'yes-Pm en intruding aircraft and in trouble,' and I would've helped him if he was in trouble, and if he was an intruder he could have landed on our airfield and we would have sorted it out.

"But he kept flying on the same course and at the same altitude," the pilot said, "and I received a command, a precise and definite command."

The interviewer asked whether he was certain the intruder had been an enemy plane. "Yes, this is

what I thought," the pilot replied. And after it crossed our border it only made me more certain, that this enemy aircraft which had broken into our territory was flying over my home."

Mr. Tikhomirov also spoke to a pilot who was said to have followed the first on his mission, and to a third pilot who had scrambled over the Kamchatka peninsula on the night the Korean Air Lines jet with 269 people aboard strayed over So-

No date was given for the inter-

The pilot insisted he had seen no lights whatever on the intruding aircraft. The second Sakhalin pilot, who said he had been flying about 7.5 miles (about 12 kilometers) behind the first, asserted that he had coocluded from the behavior of the plane "that this is either a spy plane or an aircraft of another type, even

Only one of the dispatches by Tass, the Soviet press agency, has up to oow suggested that Air Defense Forces might have taken the Bocing 747 for a bomber, and the authoritative government state-ments have maintained that regional officers were convinced the plane was on a spying mission.

Aithough the interviews generalfollowed the official versions of the incident, they included several curious assertions.

downed the airliner, for example,

Marshai Nikolai V. Ogarkov, the chief of the Soviet General Staff, threat to our Asian allies." (Continued on Page 2, Col. 4)

Greater Leeway In Missile Talks

By Leslie H. Gelb

WASHINGTON - U.S. negotiators at the Geneva talks on medium-range nuclear missiles have been empowered in make new concessions, according to Reagan ad-

The officials said President Ronaid Reagan gave his approval to seek movement on several issues to Paul H. Nitze, the chief U.S. negotiator, over the Labor Day week-

The view of those interviewed was that the new U.S. moves would lead to progress on some issues but not to a major breakthrough in the

alks, which have been going on for about 18 months. Mr. Reagan's approval came af-ter the Soviet Union shot down a

South Korean airliner, killing 269 people. Remarking on the timing, one key official said: The president has oot taken away Nitze's authority to act, but

the timing of any new moves on our part has obviously been affected and the whole atmosphere for the talks has been poisoned by what the Soviets did." Opinion is divided in the administration over how the shooting

down of the airliner will affect European receptiveness to the deploy-ment of new U.S. missiles this year. White House and Pentagon officials are said to believe that the U.S. position has been greatly think Europeans remain ocryous. The officials were guarded in

what they said about the oew U.S. position, but they indicated that Mr. Nitze's room for maneuver might extend to dropping the dea level of about 300 missile warheads on each side.

In turn, the Soviet Union would have to agree to freeze its forces aimed at Asia at their present level of 324 warheads on 108 SS-20 missiles of make only modest reduc-tions. The United States would have "equal rights" to match this force, but would state that it had

reported that the 747 had main-tained "the same course and the East, but freeze it," said the key Some interest same altitude" after he fired warn- official. "Since we have oever had Mr. Genscher's statement that Mr. plans to offset this anyway, it Gromyko told him last week that doesn't hurt us and it still limits the British and French systems had

The officials said Mr. Nitze had range.

also been given some leeway on medium-range aircraft capable of carrying nuclear weapons. The idea here seems to be to lower the ournber of Soviet aircraft in be counted, and then freeze the agreed totals on each side.

which aircraft to include. Moscow asserts the United States has an advantage of about 550 to 460, and Washington says the Soviet Union

The two sides are far apart on

Despite their public optimism, West German leaders see little hope of an arms accord. Page 3.

has about 2,400, an almost five-toone superiority. The main difference is that Washington counts SU-17s, SU-24s, and MiG-27s, and Moscow does not

Administration officials believe Moscow has conceded the U.S. point that there be separate ceilings for missiles and aircraft.

But officials noted that oeither move - the Europe-only ceiling and the adjustment of oumbers and freezing of aircraft - goes to the two key issues of the negotiations. Washington insists on equality of missiles in Europe, which would mean that the Russians would have m cut their present force of about 450 missiles facing Europe and agree to oew U.S. deployments.

Moscow refuses to agree to any new U.S. deployments bot is willstrengthened, while many State ing to accept equality in missiles Department officials are said to and warheads with French and British forces, Washington rejects any inclusion of the 162 French and British missiles.

U.S. officials said there is oo prospect of movement on the key issue of verifying any accord on medium-range forces. U.S. oegotiamand for overall "global equality" medium-range forces. U.S. oegotia-in deployed medium-range mis-siles. Instead, Washington would counterparts a detailed verification insist on equality only in Europe at plan, but studies on this question are still mired in the bureaucracy,

officials say. Administration experts reacted with some skepticism to reports, based on a conversation between the West German foreign minister, Hans-Dieteich Genscher, and the Soviet foreign minister, Andrei A. Gromyko, that hinted that Moscow might be willing to consider drop-ping its demand to include French This would allow the Soviets to and British missiles in the med

"two faces," strategic and medium-

ans, Palestinians and Iranians, killed 14 Lebanese Army troops and wounded 28 in one attack. Police in Rio Confront Food Rioters and wounded 28 in one attack.

showed reporters three bodies from Economic Crisis, Provocateurs Are Blamed for Attacks the night's fighting, saying one of

By Warren Hoge

New York Times Service RIO DE JANEIRO - Rio de Janeiro's entire police force has been put in the streets to try to halt invasions of food stores by residents of the city's poor neighborhoods, officials say.

The attacks on supermarkets,

butcher shops and grocery stores, until recently a phenomenon only of northeast Brazil, which is suffering from drought, began here eight

Mobs chanting. "We are hungry!" and "We want food!" have attacked more than 50 shops and confronted police officers with The looters turned their atten-

had reportedly been attacked. ket, but Friday night they stepped

up their vigilance because of reports from informants that more assaults were planned. knowledged that Brazil's economic crisis, which has produced in-

Various authorities have aclootings showed too much organi-

creases in unemployment and in the cost of living, is fueling the outbreaks. But they also said the

gnerrillas were fighting alongside Druze and leftist forces battling the Lubanese Army and rightist Christion and leftist forces battling the The Israeli military command For \$8.5 Billion More

By Juan de Onis

International Herold Tribune BRASILIA - Brazil will ask its creditors for new loans totaling

\$8.5 billion as soon as the International Monetary Fund approves a new two-year program designed to increase exports and reduce inflation, Finance Minister Emane Galveas said Sunday.

Mr. Galveas made the statement Washington and New York to meet with officials and representatives of creditor banks. He said that Brazilian officials

were confident that Jacques de Larosière, the IMF's managing director, would inform the banks of his approval of the Brazilian plan before the IMF and the World Bank the delayed payments is \$400 milbegin an annual meeting later this lion owed to the Bank of Internamonth in Washington.

We have full agreement at the technical level and also higher," Mr. Galveas said.

The \$8.5 billion in loans, Mr. Galveas said, would come in addifailure to meet austerity targets loans that were signed in February. called for in previous agreements with the IMF and creditor banks.

The new loans would be broken down into \$4 billion this year and \$4.5 billion next year, to allow the country to balance its foreign payments account. Since June, the IMF has sus-

pended disbursements from a \$5.4-billion "extended facility" loan to Brazil because of its failure to meet In turn, the suspension has prevented Brazil from gaining further in an interview before leaving for access to credits from the private banks that hold most of the coun-

try's \$90-billion foreign debt, the largest in the developing world. Brazil stopped making payments last month both on the principal of its debt and on an estimated \$2 billion in interest payments that have come due since May. Among tional Settlements.

Mr. Galvess said that interest payments, including arrears, would be resumed as soon as the IMF

tion to smaller outlets Friday to zation to be purely spontaneous. Government workers have been clude the platoons of troops posted around supermarkets. By evening affixing stickers, saying: "Beware three bakeries, three grocery stores of provocateurs in the area. Don't and a butcher shop, all in poorer pillage. The government is with communities on the city's outskirts, you."

The socialist governor of the Police officers were able to turn state of Rio de Janeiro, Leonel Briback the looters at one supermar- zola, said in a broadcast Friday that the lootings were being organized in nighttime meetings and that one of the tactics was to put women and children in the front ranks to confound police efforts. The 34,000 civil and military police officers being mobilized had

been instructed to avoid violence, using tear gas and firing into the air. Two teen-agers, however, were wounded Thursday. Both were shot in the hand.
Police officials said they could not identify the inciters, but Governor Brizola said in a radio address that they were from "the extreme right." He said they were interested

in destabilizing his six-month-old state government and provoking federal intervention. "I know the left from long experience, and they don't operate this way," he said. "In Argentina it was the same thing. When they wanted to re-establish the dictatorship, this

is exactly what happened."

In Brasilia, Brigadier General
Waldir de Vasconcelos, head of the Joint Chiefs of Staff, said that the targets for reducing public deficits. riots were not "ideological" and that the federal government did not

the recession, which is in its fourth

The squeeze on the population is being tightened by economic measures to curb foreign indebtedness. Brazil's foreign debt of \$90 billion is the largest in the developing world, and financial officials are negotiating a standby loan agreement with the International MoneSoviet Union over the downing of a
ment with the International MoneSoviet Union over the downing of a
the door open for dialogue, so that The principal element in the con-

tion to credits already granted but strictions on access to several lines items were coffee, beans and rice, being withheld because of Brazil's of credit, including \$4.4 billion in staples of the Brazilian diet. A The calculations that Brazil will the withdrawal of government sub(Continued on Page 2, Col. 4) sidies to wheat growers.



More than 250,000 people attended a Mass celebrated by Pope John Paul II in Donaupark, Vienna, on Sunday.

Pope Calls for Superpower Talks 'in Good Faith'

appeal to the superpowers to negotiate for peace in good faith, dea series of uprisings in response to nouncing "deceitful cunning, false the reversion which is in its fourth."

Tun, the decisive resolutions are world as a transition from the made in the field of politics," he

na diplomatic corps came on the second day of his Austrian visit. It was delivered at a time when the international atmosphere is tense with patience and perseverance to the pope stressed that the church because of bitter exchanges be confront the voice of violence with was not a political institution. tween the United States and the the voice of reason, to alleviate extary Fund and a rescue package with international bankers.

Soviet Omon over the downing of a bound of the door open for dialogue, so that man's call for peace will not one of 269 lives. While the superpowers have resumed talks in Geneva on day be suddenly smothered in the ful shivering through a rainy Mass reduction of ouclear arms in En-noise of weapons.

"Thus today, perhaps more ur-

tic about the chances for success.

Although the pope did not refer falsehood and intrigue, which respects the legitimate claims and deto the United States or Soviet Union, he said:

an induct and sincere unpromacy amount as an eval that we have all of Europe is free from foreign not yet found the right way to curb, and the horrible oature of which far falsehood and intrigue, which respects the legitimate claims and demination and violence of war, free from an immediate external threat, free from grave internal conflict."

hood and intrigue" in international affairs.

hood and intrigue" in international affairs. to influence the decisions of their

and the private banks lift their refor August was food. Three of the many officials in Western En-

Compiled by One Staff From Dispatches

VIENNA — John Paul II, in the first papal visit to Austria in two centuries, issued Sunday a strong appeal to the superroquest to need to support the fears of those with the superroquest to need to support the fears of those with the way for a peaceful solution to bilateral and international conflicts by means of a willingness to negotion to support the fears of those with the way for a peaceful solution to bilateral and international conflicts by means of a willingness to negotion to support the fears of those with the way for a peaceful solution to bilateral and international conflicts by means of a willingness to negotion to support the fears of those with the way for a peaceful solution to bilateral and international conflicts by means of a willingness to negotion to support the fears of those with the way for a peaceful solution to bilateral and international conflicts by means of a willingness to negotion to support the fears of those with the way for a peaceful solution to bilateral and international conflicts by means of a willingness to negotion to support the fears of those with the way for a peaceful solution to bilateral and international conflicts by means of a willingness to negotion to support the fears of those with the way for a peaceful solution to bilateral and international conflicts by means of a willingness to negotion.

Church sources said that the pope's exceptionally strong language stemmed from the fact that Austria, despite its 88-percent Catholic population, has for several years allowed abortion on demand during the first three months of pregnancy.

On Saturday, John Paul, clearly

addressing problems in Austria's Communist-ruled neighbors, appealed to Christians to intervene on behalf of those who suffer persecution for their religious beliefs. He ooted, in a clear reference to

the Soviet bloc countries, that "not rope have said they are not optimis- an honest and sincere diplomacy abortion as "an evil that we have all of Europe is free from foreign

By Wayne King New York Times Service

HOUSTON - An enormous traffic in fraudulent documents among illegal aliens in the United States threatens to defeat the intention of major legislation now pending in Congress to change the immigration system, according to officials in the border state of Texas and in Washington, D.C..

According to testimony before a Senate hearing by a convicted counterfeiter of such documents, as many as five million bogus credentials allowing illegal immigrants to get work, attend school and receive various benefits may be in circulation. These include fraudulent Social Security cards, birth certificates, driver's licenses and passports.

In a report issued in May, the Senate permanent subcommittee on investigations estimated that "the economic impact of false identification fraud on government and commerce may exceed \$24 billion

In Texas, which shares 1,250 of the 1,952 miles of border (2,000 of 3,123 kilometers) between the United States and Mexico, a study commission concluded in an interim report on immigration policy in June that the pending Immigration Reform and Control Act of 1983 cannot work as long as document abuse is so

long-range reconnaissance plane had been found on the route of the

The U.S. and North Atlantic

NEWS ANALYSIS

Treaty Organization specialists

said satellite pictures were the

mainstay of visual intelligence. Pic-

meters) or more have, in one in-

. Marshal Nikolai V. Ogarkov, mainstay of visual intelligence. Pic-chief of the Soviet General Staff, at tures taken from satellites flying at

a news conference Friday in Mos- an altitude of 100 miles (162 kilo-

An identification card belonging to Mary Jane Hendrie of

Ottawa was found Sunday on a Japanese beach. It is the

first definite personal possession recovered in the search

for the passengers of the downed Korean Air Lines plane.

U.S. Says Russians Shot

'Cannon Fire' at 747

Japan continued in a normal fash- Woman's Body Found

rounds, they're not visible," said Senator John Glenn, Democrat of

Ohio, a former Marine Corps fight-

er pilot and astronant and also a

candidate for the Democratie

nomination for the 1984 presiden-

The State Department said the

new transcript "does not indicate

whether the cannon shots were

aimed at the KAL plane or were

The State Departmed also said

that radio transmissions between

the Korean Air Line pilot and the

Narita air traffic control center in

ion until four minutes before the

Those transmissions, confirmed

machine-gun fire or had any indi-

After the downing of the jetliner, the Soviet Union has repeatedly

stated that its interceptor pilots

made warning shots with tracer

shells along the route of the intrud-

cation that anything was wrong.

plane was shot down.

By Drew Middleton

New York Times Service

was an espionage plane are scoffed at by U.S. and NATO specialists

and others who know the capacity

and uses of U.S. reconnaissance

cow, accepted the "spy plane" con-

NEW YORK - Soviet contentions that the Boeing 747 shot down by a Soviet fighter Sept. 1

"secure verification system" if present methods prove madequate after three years.

But such a prospect, which could include the reissning of all Social Security cards or the mandatory use of worker verification card" for job-seekers has cansed concern among civil liberties groups.

The legislation, known as the Simpson-Mazzoli bill, after its authors, Senator Alan K. Simpson, a Republican of Wyoming, and Representative Romano L. Mazzoli, a Democrat of Kentucky, has been hailed as a means of halting the flow of millions of undocumented workers pouring into the United States and as a solution to the problem of what to do with the millions of others already there.

The two key provisions of the bill would institute sanctions against employers who hire undocumented workers and would grant legal resident status, either temporary or permanent, to illegal aliens who have been in the United States for a certain period of time.

This amnesty would apply to those who have lived. in the United States for either one or two years. depending on the version of the bill, and who have thus presumably established family, community and

However, officials in Texas, California and other border states, as well as congressional aides, say that neither of the two key provisions will work in the midst of wholesale document fraud.

Supporters of the legislation have expressed concern about potential enforcement problems as well, so the Senate-approved version of the bill calls for a the national and state level "established the fact that

say, was clearly visible.

Marshal Ogarkov's allusions to the 747 as a spy plane caused spec-ulation among intelligence sources

about how much the Soviet Air

Force knows about the capacity of

The United States has refused to

allow publication of satellite pictures because U.S. technology in

this field is believed to be far ahead

of that of the Russians. In the inter-

national intelligence business it is

to take pictures, but for electronic

monitoring of missile tests to learn

whether the missiles are in accord

with U.S.-Soviet arms agreements.

and intelligence ships similarly

monitor U.S. missile tests in the

ka and the Siberian mainland.

Far Eastern installations.

ing close to two military bases con-

recent report said the Soviet

Union had deployed 2,100 planes, including 440 bombers and 150 re-

connaissance planes, in the Far Eastern Command. The bomber

force includes at least 70 Tupoley

surprised him, intelligence sources

said. The 747 was on a regularly

scheduled flight and reconnais-sance planes can operate at night and at high altitudes when they are

Backfire bombers.

Soviet reconnaissance planes

tographed by the satellites.

how we know."

order to secure employment and to receive certain public services."

The report warns that such widespread abuse raises serious questions as to the effectiveness of any employment sanctions that rely upon the presentation of such documents to prove eligibility for

The same is true of amnesty provisions in the Simpson-Mazzoli bill, in the view of the chairman of the Governor's Task Force on Immigration, Charles

The immigration people told me in a briefing," Mr. Foster said, "that there are six million people out there who could apply for legal status. They think that of the six million potential, only 2.5 million will take advan-"I say if there are six million who could and should

apply, then 7.5 million will actually apply, because for

every one who can apply legally, there are others who will illegally. They are going to come out of the He conceded that the bill would have some effect, but added: "Anyone who wants to violate that law, there is a wide open loophole, because you can go out

and get United States birth certificates, and the irony of that is that the birth certificate is the key to the whole thing. With that you can walk in and get a passport, a Social Security card, and you're as good as

there is extensive counterfeiting trafficking and unauthorized use of personal identification documents in certificate fraud the fact that the state of Texas had recorded 105 instances of more than five requests for the same birth certificates.

From 1970 through 1977, Immigration and Naturalization Service officials arrested 29 persons in four states, all holding copies of the same valid birth certificate identifying all 29 as the same U.S. citizen,

The Social Security card also is easily forged or

Already, the Social Security Administration is planning to replace its card with what it describes as a

issuance of an entirely new document, a "worker verification card," that could be presented to an employer to establish that the prospective employee is in this country legally and entitled to work.

This prospect has caused particular concern to civil liberties groups, including the American Civil Liberties Union. According to an ACLU newsletter, the bill could lead to development of a data bank or national system

of identification cards within three years of passage. The oewsletter also asserted that the requi could lead to discrimination against Hispanic people who are in the Umted States legally by encouraging employers to "play it safe by hiring only those who are obviously citizens" and avoiding those who are "for-

WORLD BRIEFS

Hernu Says Fighting Is Over in Chad PARIS (Renters) - Defense Minister Charles Herm, saying that hostilities have ceased in Chad, has stressed that priority be given to

Fighting has stopped in Chad since the French contingent arrived, A peaceful situation is prevailing. Diplomacy must have the edge now," Mr.

Hernu said in a television interview Saturday. France has sent 2,500 troops and combat aircraft to Chad and has set up a defensive line, but Chad wants the French troops to join an offensive to recapture the north. The government of President Hissène Habré has criticized French troops for avoiding clashes with Libyan forces support-

ing rebels, led by former President Goukouni Oueddei. Chad's information minister, Mahamat Soumaila, warned last week of tamper resistant" card.

an imminent attack by rebels and Libyan forces, but he conceded an imminent attack by rebels and Libyan forces, but he conceded Saturday that no assault had taken place. Mr. Soumaila has said that the rebels were under orders to attack a government outpost about 375 miles (600 kilometers) north of Ndjamena, the Chadian capital.

Argentina Lifts Ban on Isabel Peron

BUENOS AIRES (Reuters) — Argentina's military government has lifted a ban that prohibited former President Isabel Perón from holding public office, but Peronist leaders said the move had come too late. The ban was automatically imposed in 1981 when a court sentenced Mrs. Peron to eight years in prison for embezzing public funds during her time as president between 1974 and 1976. Peronist leaders have always said that she was innocent, claiming she was imprisoned for

political reasons after she was deposed in a military coup. The former president had been expected to return from exile in Spain for the Peronist national congress last week, and party leaders accused the government of waiting until Friday night, after the congress ended, to

Riot Police, Socialists Clash in France

DREUX, France (UPI) - Riot police clashed with thousands of Socialist demonstrators Sunday when an opposition alliance won city hall elections considered a test for France's Socialist-led government and its immigration policies.

Two policemen and four demonstrators were hospitalized when more than 3,000 voters hurled stones at election postings that showed a victory for a conservative candidate allied with an extreme rightist party cam-

paigning to oust immigrants.

The conservative alliance was elected to head the industrial town 50 miles (80 kilometers) southwest of Paris with 55.44 percent of the vote, compared with 44.56 for the Socialists.

Power System on Satellite Repaired

DEARBORN, Michigan (AP) — The solar power gear of India's new weather and communications satellite, jammed for nearly a week, opened up Saturday after frozen hinges were warmed by the sun.

The solar array was fully deployed after controllers turned Insat-1B so the hinges faced the sun, said William Sheehan, spokesman for the Ford

Motor Co. The company's subsidiary, Ford Aerospace & Com tions Corp., built the satellite, which was launched into space by the U.S. space shuttle Challenger.

Insat 1-B ran into trouble last Sunday when its solar array, five panels of light-absorbing cells designed to power the unmanned craft during its seven-year lifespan, failed to open fully, said the mission director, J.P. seven-year lifespan, failed to open muy, sam use massar the Singh of the Indian Space Research Organization in Bangalore, India.

Guatemalan Leader's Sister Seized

GUATEMALA CITY (UPI) - Four men abducted the sister of the Guatemalan chief of state, General Oscar Mejia Victores, in the second kidnapping of a sister of the head of government in three months, the

Celeste Aida Mejia de Velasco, 54, was seized Saturday when she left the hospital where she works as a volunteer. No group immediately claimed responsibility for the kidnapping. The army said that General Mejia Victores would not negotiate for her release.

The general took power in an Ang. 8 military coup that deposed President Efrain Rios Montt. General Rios Montt's sister, Marta Elena Rios Montt de Rivas, 37, was kidnapped on June 29 by the Rebel Armed Forces, or FAR, a lefust guerrilla group that has demanded that a political manifesto be published in Central American and Quaternalan newspapers before she is released. The manifesto has not been published. and there has been no word of Mrs. Rivas.

3 Russians Are Expelled by Ireland

DUBLIN (Reuters) - The Irish government has expelled two Soviet diplomats and the wife of one of them, saying they were guilty of

for spying.

Irish officials said the move was in no way related to the destruction

Note: The Soviet sincraft. But the Soviet Sept. 1 of a South Korean airliner by Soviet aircraft. But the Soviet Union's charge d'affaires here, Mikhail Sobolev, said Sunday that the Oppositioo leaders said Sunday's rally opened the first stage of expulsions were linked to the airliner incident, in which 269 people died. I believe what has happened is connected with the hullabaloo over the Korean jet, if not directly connected," be said. Mr. Sobolev also said he regarded press reports suggesting the three were part of a spy ring as

Closing of U.S. Greek Bases Pledged

SALONICA, Greece (AP) — Prime Minister Andreas Papandreou said Sunday that U.S. military installations in Greece will definitely be closed after an agreement signed last week expires in 1988. He also accused the conservative opposition of "serving American interests and undermining our nation" by asserting that it was an agreement for an

indefinite period. The accord, which covers the continued operation of four bases, will go into effect by December 31, 1983, and will expire by December 31, 1988. Speaking to journalists in this northern Greek city after the opening of an International Trade Fair, Mr. Papandreou said "The political will exists to terminate the presence of the bases in Greece after free years."

His Socialist government's term in office runs out in 1985, three years

before the agreement is due to expire. The agreement says that "it is terminable after five years upon written notice by either party to be given

Iranians, Palestinians, Syria Said to Fight Lebanese Army

(Continued from Page 1)

three days earlier without foreign support, chiefly from Syria. The state-run Beirut Radio re-

ported continued fighting in many other areas as well as Souq el Gharb. It said Lebanese Army positions had come onder heavy artil-kery and small arms fire at Khalde, on the coast road south of the capi-

Military observers said it peared that the Druze and their llies, after several successes over their Christian rivals, were trying to break through army lines to reach the sea and cut off Beirut from the

The Progressive Socialist Party said Druze fighters would allow a Red Cross convoy into a besieged 25,000 refugees seeking shelter

there from the fighting. The party's leader, Walid Jumblatt, in self-imposed exile in Damascus, ordered the convoy, blocked for three days, to be al-

lowed into Deir el Qamer, an offi-

The Phalangist radio said 30 Christians had been murdered by "socialists" in the mountain village of Ras el Metn. This followed reports in the official media of at

least 70 Christians being massacred in the village of al-Birch.

massacres but says Christian mili-

tiamen have slaughtered hundreds Mr. Jumblatt on Sunday called

for the withdrawal of U.S. marines from Lebanon and spelled out his conditions for a settlement, The Associated Press reported from Washington.

"There must be a new govern-ment," he said, specifying "a new president and a new prime minis-

Abdullah Bouhabib, Lebanon's ambassador to the United States, interviewed separately on the same show, said Syria and the PLO were in effect occupying Lebanon be-cause the Gennayel government had already asked both sides to with-draw from Lebanon but neither

U.S. peacekeeping troops if it came to that, said that when his forces are attacked there is no way of knowing "whether it is the Lebanese Army doing it or someone

He added: "I have to defend my-

The Progressive Socialist Party

PLO units fighting alongside his

demies that its men have carried out

militismen against the Christian



President Ferdinand E. Marcos signed orders Saturday releasing 37 political prisoners.

Reagan's Trip to Philippines Is Called Very Dangerous' by Aquino's Brother

taken for granted that there is no major Soviet base or troop command center that has not been pho-MANILA - The brother of Benigno S. Aquino Jr., the assassinated opposition leader, warned "We know what they have," an Sunday that it would be "very danofficial said. "Everything is known except their intentions. But there is gerous" for President Ronald Reagan to visit the Philippines in Nono sense in telling them exactly

vember as planned. The warning by Agapito Aquino coincided with the scheduled arriv-Marshal Ogarkov also said a U.S. long-range RC-135 had been found on the 747's route east of

ning Mr. Reagan's visit. Mr. Aquino made the comment

to reporters during a rally that opened what was described as a nationwide passive resistance cam-Ferdinand E. Marcos.

paign aimed at eventually overthrowing the regime of President "The people do suspect some kind of collusion between Reagan Mr. Aquino said many Filipinos

al in Manila of a White House would view President Reagan's vis-

and Marcos," Mr. Aquino said af-ter speaking to about 3,000 people at a school auditorium in down-U.S. sources, while conceding that RC-135s and other planes fly along the periphery of Soviet air. Pilot in Russia Relates town Manila. "It makes him an easy target. So it will be very dangerous for Reagan to come here." His Side in TV Interview Benigno Aquino's assassination has brought growing opposition to the 18-year Marcos regime.

(Continued from Page 1)

said Friday that the plane "tried to escape" after the warning shots. Transcripts of the pilot's radio communications with ground bases Many Soviet missiles land in the released by the United States -Sea of Okhotsk between Kamchatwhich cootain oo reference to warning shots -- showed the pilot Soviet comphasis on the 747's flyas saying that the jetliner was gain-

firms reports of the importance the In the interview, all three pilots Soviet armed forces give to their One reason is that Soviet ouclear submarines of the Pacific Fleet are now based at Sovetskaya Gavan on the mainland west of Sakhalin. The Japanese Defense Agency in

nied by pictures of darkened air defense control rooms with blinking arrays of dials and radar

reconstruction of the blips of the

On one, the reporter showed

Brazil Wants A New Loan

(Continued from Page 1) need \$4 billion for the rest of this year and \$4.5 billion next year are based on predictions of a signifi-

cant trade surplus, following the 30-percent devaluation of the cruzeiro in February. The trade balance through August showed a \$4.3-billion surplus, and the target of a \$6.3-billion surplus for the end of the year seems

attainable if imports are severely curtailed, Mr. Galveas said. He added that the government has set a target for a trade surplus of \$9 billion for next year. This goal takes into account government plans to restrict imports to about

But Brazil's strong trade perforsaid the marshal might not be as mance, buoyed by recent improve-uninformed as he seemed to be ments in prices for such commod-

support his contention that the pi- a conviolent resistance campaign lot of the straying plane would have that would eveotually iovolve known he was off course just by strikes, nonpayment of taxes, demlooking at his radar.

At the air defense base on Sakhalin, twin-jet Sukhoi interceptors oesses. with long green ooses and a white rocket under each wing were shown scrambling under falling sleet to intercept what the reporter said was an American reconnaissance plane that had approached Soviet territory and then swerved away at

There are dozens of such incidents each day, he said, and illusBenigno Aquioo's killiog and
trated how the Americans "concalled for pickets around the homes

The interviews followed by a day a rare Western-style ocws conference by Marshal Ógarkov and two senior government officials, who displayed a large map and an-swered questions for two hours to strike. defend their version of the shoot-

ference appeared in all major Soviet newspapers and were shown several times on Soviet television.

General Compares Planes

the same air speed."

distance," the general said. "For a Marcos to placate growing opposipilot to do this at night is absolutely impossible."

the general said that on radar the two planes "produce an analagous had been detained for periods radar signal."

ole world who could not tell the difference hetween the two

reference book, the Boeing 747 is 231 feet, four inches in length (about 78 meters) and has a height of 63 feet, five inches. The RC-135 is 136 feet, three inches long and is 38 feet, four inches high.

He said the protest actions would be peaceful and nonviolent "so that we don't attract immediate military reprisals."
Cardinal Jaime L. Sin, the Roman Catholic archbishop of Manila, officiated Sunday at what was called a Mass of reconciliation at A three-star Soviet general said Manila cathedral and indicated be Sunday it was totally impossible to distinguish a Boeing 747 from an Marcos had released only 37 politi-RC-135 reconnaissance plane in cal prisoners Saturday to mark the the dark, United Press Internation- president's 66th birthday Sunday.

al reported from Moscow.

Commenting on the downing of the South Korean jet, Colonel General Nikolai Moskvitelev said, "The Marcos would release all of the RC-135 reconnaissance plane and the passenger Boeing 747 are of one type. They have the same shape "I was crying for my country,"

had either served their sentences or adar signal." equivalent to what their sentences
A Western air attaché scoffed at would have been had they been General Moskvitelev's comment.
"It may be totally impossible for a Russian pilot," he said, "but I rebellion, the palace said.

Schmidt, 41, of Hamburg, all were Filipinos being held in military prisons on the southern Philippine

conspiracy charges March 24 while doing research for a human rights organization in Davao City, 500 miles (800 kilometers) south of Ma-

9/10

er plane" as a warning signal to the plane that "is envisaged by interna-The United States, using the version of the tape recordings previously released, which was played at the United Nations Tresday, has steadfastly maintained that there was oo evidence that shots of any kind had been fired and no evidence that they Soviet Union had attempted warning of any kind or had attempted to force down the

Kamda Goes to W. Germany

LUSAKA, Zambia - President Kenneth D. Kaonda of Zambia left Middleton, general affairs secre-for West Germany Sunday for a tary of the International Federafour-day state visit and talks on tion of Airline Pilots Associations,

In addition to the recovered identification card, searchers in Japan retrieved the decapitated and by the Japanese Foreign Ministry, give no indication that the South Korean pilot saw any tracers or limbless body of a Cancasian woman believed to be among the 269 passengers on the KAL plane, ac-

cording to the UPI report.

Police said the identification card of Mary Jane Hendrie, 25, of Ottawa, was picked up on the shore of Omu, a small fishing town oo Japan's northern Hokkaido island.

tions, Jeane J. Kirkpatrick, the

trary to Soviet statements, the pilot

makes no mention of firing any

warning shots — only the firing of the missiles which, he said, struck

Mrs. Kirkpatrick, at the time,

was relying on the version of the

transcript that, until Sunday, had

been the official translation of

communications by the Soviet

fighter pilots to their ground com-manders that had been monitered

by military electronic listening

the target."

Airline pilots from nine Europestart a 60-day ban on flights to the Soviet Union Monday in retalia-tion for the downing of the Korean jet, United Press International reported from London.

The ban by pilots from Britain, France, Italy, Spain, Sweden, Norway, Denmark, Finland and the

Netherlands will affect more than 40 flights a week to Moscow. The boycott is meant to be more than "a demonstration of our revulsion and outrage," said Terry

Who is setting tomorrow's trends in fashion

What's new in interior design? Where can you find the best shopping,

dining and entertainment in the world? Find out on the TRIB'S monthly STYLE PAGE

next Thursday, September 15.

This is the first definite personal effect we have so far recovered, a spokesman at the Hokkaido regional police headquarters said. ■ 9 Nations Announce Ban an nations said Sunday they would

concerned with radar intelligence.
Was the RC-135 using the 747 as a decoy that would force the Russians to illuminate their radar installations? The question has been

asked by several nonmilitary ex-perts on electronic warfare. It is possible, an Air Force officer said, but not probable. He said the loca-tion of the radar installations had been registered in the past by RC-135s and had certainly been picked

up by satellite photographs.
U.S. and NATO experts think
Marshal Ogarkov showed a certain "Is he really trying to say that, with all the other means the West has, we would go to the trouble of using an easily identifiable 747 on an espionage mission?" a Canadian source said.

bout electronic intelligence. ities as soybeans and sugar, has They suggested that some of his been offset by debt amortization comments might have been intend-charges that are expected to reach ed to elicit information from U.S. \$9.9 billion this year and \$7.8 bil-

world of international intelligence said the marshal might not be as

also made some reference to seeing the jetliner. The first, who was over Kamchatka, said he had seen no lights on it. "Even on the side of the dark area of the sky," he said, "there were no signs of any illumi-

nation on the aircraft." The two pilots who scrambled over Sakhalin made no reference to lights. But the first noted that there's a big crew on such a plane," suggesting at least some awareness of its type. The second referred to the "big aircraft," sug-

One reason for the high number of reconnaissance planes in the Kamchatka-Sakhalin region, intelligence officers said, is that they are required for reconnaissance of U.S. missile tests in the Pacific and of U.S. and other naval deployments

what be described as a computer

in the Sea of Japan. Marshal Ogarkov also made a point of the fact that both the RC-135 and the 747 were operating in jetliner and two pursuing Soviet craft, and on another be showed the dead of night" and at "high altitudes." This should not have

Some officers familiar with the \$17 billion.

stantly play on our nerves.

Edited versions of the news con-

don't know of any other pilot in the

According to Jane's "All The Worlds Aircraft," an authoritative

President Marcos, whom they bold

at least indirectly responsible for

Benigno Aquino's assassination

Aug. 21 at Manila International

Airport. He said Mr. Reagan was

already considered too close to Mr.

onstrations and boycotts of elec-

tions and government-related busi-

Others announced plans for a

boycott of classes and student dem-

onstrations on Thursday, proposed

a "people's tribunal" to investigate

of cabinet members in an effort to

Mr. Aquino said the millions of

Filipinos who publicly mourned his

brother's death would eventually

force them to resign.

Marcos by many Filipinos.

and geometrical design. They have be told The Associated Press later. Government critics and human "The only way to tell them apart rights groups said the release order is in daylight, visually from a close was a poor attempt by President

Appearing on a weekly television leader's widow, said: "I was hoping program devoted to military matters, "I Serve the Soviet Union," the general said that on the server of the server

island of Mindanao. None is a nationally known opposition figure. Mr. Schmidt was arrested on

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had complied.

Mr. Jumblatt, asked why his militiamen opened fire on the marines and whether they would fight the

"Let the U.S. mannes go back to the U.S. fleet," he said. "The Leba-nese Army and the marines are not helping my people in Lebanon."
Mr. Jumblatt also categorically denied allegations that there were

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The Challenger Office

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Satellite Repair - The solar power gear of hour

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o power the unmanned can be n fully, said the mission dience ch Organization in Banglor ki

ler's Sister Seinel - Four men abducted the sant

ral Oscar Mena Victors in ken ad of government in three mosk; a 54, was seized Saturday similar is a volunteer No group made

drapping. The army said that Gen inte for her release. an Aug. S military complianing meral Rios Monn's site Mente inapped on June 20 byte Reidhe

nlia group that has branked the in Central America ad Guton 1. The manufesto has salwapthe

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Greek Bases Plot - Prieme Minister Andres he mainianen in Greece eil and last west estres in 198 h matter of "series America and esserting that it was an agreed

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Associated Press 1988

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معلقی میشد. میشدند. میشدند. میشدند.

U.S. colleges have had a windfall from the year-long bull market: paper gams of nearly \$10 billion for their endowment funds.

has the nation's largest fund, saw its assets soar by \$746 million, to \$2.4 billion.

single stock was enjoyed by Northwestern University,

AMERICAN TOPICS

A Twice-Weekly Survey Compiled by Our Staff

The Right's Plight

President Ronald Reagan's response to the downing of the Korean airliner was the latest disappointment for his more

conservative allies.

A leading fund raiser for rightist causes. Richard A. Viguerie, said: "It looks like Reagan has put Teddy Roosevelt in reverse: He speaks loudly but carries a small stick."

He and some other conservatives wanted the administration to close U.S. ports to Soviet shipping, cancel all arms control negotiations, expel Soviet diplomatic personnel and revoke the recent agreement to sell grain to the Russians.

Senator Jesse Helms, a leader in the right wing of Congress, was saked as he was leaving for Korea just before the incident whether Mr. Reagan had disap-pointed him. He replied: "How

long a list do you want?"

The list included naming Henry A. Kissinger to head the presidential commission on



Senator Jesse Helms

Central America, endorsing a five-cent-a-gallon gasoline tax and failing to do more to curb abortion, restrict school busing and work for prayer in public

Mr. Helms praised the president for "making clear that the Soviet Union is moving to dommate the world" and for insisting that the federal government must be fiscally responsible.

To cut deficits, he rejected a tax increase but called for govemment spending cuts of 10 percent across the board, except for Social Security, the military and interest on the debt.

Spreading the Word

all out to penetrate the Soviet Union with news of the downed Korean plane. In addition to more than doubling the number of transmitters broadcasting into the Soviet Union, it in creased transmission hours by about 90 a day, trying to avoid jamming with multiple frequen-cies and surprise schedules.

The entire apparatus was on full force Sept. 12 to speed a Russian translation of President Reagan's television speech to Russian listeners, complete with a recording of the pilot saying he had shot down the airliner. To rise to this intensity, the Voice had to use equipment that would have been otherwise undergoing maintenance, so the effort could be maintained for

only about a week. The U.S. Information Agency assembled reaction to the enisode from Western democracies and Third World countoes. Early returns, an official said, were "very heavy, very negative against the Soviet Union from a wide range of the political right, left and center."

The USIA also made its satellite facilities available so that reporters could interview overseas analysts. An agency team is assembling a one-hour docu-mentary of television coverage of the incident by stations all

over the world. In another example of the USIA's new vigor, the agency recently distributed a film on Afghanistan compiled from reporting by foreign TV crews that had managed to travel with Afghan resistance groups. The documentary cannot be shown in the United States because the USIA charter forbids it to operate in the United States.

Colleges Prosper

Harvard University, which

The best performance on a

which made about \$12 million on shares in G.D. Searle, the pharmaceutical company.

Many academics fear that the paper profits may not show up in cash-strapped operating budgets, but colleges have other enconraging news.

Private donations two years ago were \$4.86 billion, nearly 15 percent more than the previous year. Preliminary figures for last year indicate a similar jump, largely due to increasing private wealth as some of President Reagan's economic policies took hold.

Baltimore Campaign

Mayor William Docald chaefer of Baltimore looks like a sure winner for a fourth term in this fall's race.

Since becoming mayor in 1971, he has been credited with lizing parts of Baltimore into booming tourist and busi-ness centers. Tourism has created 16,000 jobs. The sparkling inner harbor area, the two-year old aquarium, a new covered market in two converted warehouses, neighborhood housing projects and a new mast transit system that will open in No-vember, are prominent examples of the city's new image.

New York Magazine recommends Baltimore to its readers; Time magazine has written extensively about its new face.

Mayor Schaefer, 61, is a bachelor, nondrinker and nonsmoker whose only escape from his job is an occasional fishing trip. He is famous for his personal touch: answering letters of complaint by showing up on a doorstep, calling people on the phone to ask them to return an overdue library book, stopping during a busy official visit to listen to an elderly person's

Mr. Schaefer's challenger in the Sept. 13 Democratic Party primary is William H. Murphy, a former judge whose campaign is aimed at his fellow blacks, a 55 percent majority in Balti-

Mr. Murpby says that while the mayor was receiving attention for downtown redevelopment, the problems of uncurployment, poverty, housing and ncation were being ignored. He has preached "creative" city management, but his campaign was damaged in recent weeks when the Internal Revenue Service placed a \$242,000 lien on

him for unpaid back taxes. Mr. Schaefer has another edge: He has raised more than \$700,000, compared with Mr. Murphy's \$100,000.

Notes on People

Cardinal Terence Cooke, archbishop of New York, who is terminally ill with leukemia, has rejected aggressive chemotherapy in order to stay out of the hospital and remain at work in his residence behind St. Patrick's Cathedral. For eight of the 15 years that he has been archbishop, Cardinal Cooke, 62, has been receiving cancer treatments. Suddenly informed that his condition had become terminal, he reportedly chose to stay at work rather than accept the medical treatment because it would cause "a marked change in the dignity of his

Claus C. von Bulow, convict-

ed 18 months ago of attempting to murder his wife, Martha, with an insulin injection and now awaiting act on an appeal, remains free on \$2 million bail in Manhattan, where he is something of a social star. Now he is fighting for control of Cosime, 16, the only child produced by the marriage. Seeking custody of her are her halfbrother and half-sister, who started the private investigation that led to Mr. von Bulow's conviction. To press his claim, Mr. von Bulow has hired Roy M. Cohn, the attorney who worked with Senator Joseph R. McCarthy, Last week Mrs. von Bulow was 52, a birthday she passed in the coma that has lasted for three years.

Americana

The author of "Winning Through Intimidation" and "Looking Out for Number One," Robert J. Ringer, has a new book coming out in which be describes a forthcoming calamity, including "the complete destruction of the currency of the United States and all other Western countries"; "severe shortages of the 'necessities of life"; and "civil disorder and violence of a magnitude never before seen in America." But apparently the apocalypse will not be a total loss for those willing to buy Mr. Ringer's book, whose title promises to tell "How You Can Find Happiness During the Collapse of Western Civilization."

U.S. Envoy Challenges Official Trips

hon for 658 official visitors to this Department in July. spring's Paris Air Show, has ques-tioned the need for the thousands by the Better Government Associa-

that travel costs exceeded \$1 mil- an angry internal cable to the State

of U.S. government trips to En- tion, Mr. Galbraith complained that his embassy was so burdened



Policemen and protesters shouting "Assassins" fought near a cemetery in Santiago, where a victim of violence during last week's anti-government demonstrations was being buried.

Pinochet Marks 10 Years in Control By Reaffirming His Policies for Chile

SANTIAGO - President Auensto Pinochet, speaking on the 10th anniversary of the coup that brought him to power, said Sunday that the economic crisis and antigovernment protests in Chile were temporary difficulties and he warned Chileans against what he called the Marxist threat to the

In a nationally televised address, General Pinochet reaffirmed his intention of continuing his policies of the last decade.

He castigated political opponents who have organized protests against his rule but said his new interior minister, Sergio Onofre Jarpa Reyes, would continue talks with all those prepared to partici-pate in the building of a new democracy.

Eight people have died in clashes between police and anti-government demonstrators since Thurs-

A total of 40 people have died in protests in recent months. Human rights groups say an estimated 35,000 others have been killed in the last 10 years, most of them in government protests there,

the aftermath of General Pinochet's coup against the elected Marxist government of Salvador Allende, who was killed in the take-

"I call today on all Chileans to be alert to defend our freedom and repudiate any seed of totalitariann," General Pinochet said. General Pinochet referred re-

peatedly to the new constitution approved by plebiscite in 1980 which embodies his concept of "protected democracy" and which allows him to rule at least until 1989 to oversee the introduction of his system.

Echoing recent statements by Mr. Jarpa, he said the government would consider the possibility of a new plebiscite to modify sections of the constitution and move forward the election of a congress from the target date of 1990.

He said a social-ecocomic council would be formed to allow labor and business organizations to discuss problems. Government officials say unem-

ployment and extreme poverty in Santiago's shantytowns led to anti-

After four persons were killed Thursday in protests against the arties, announced it was suspend-

brate the 10th anniversary Sunday

oounce a change in economic po-licy in his address, the president restated his faith in free market policies that have met heavy criti-

The president announced a 15percent wage increase, effective Jan. 1, for 250,000 public sector employees. Last July he awarded them a 5-percent increase, their first in two years.

Diplomats from the European Community and other countries did not attend Sunday's ceremony, considering it inappropriate to celebrate the anniversary of the coup.

In Bonn See Little Hope of Arms Pact

that, in 1980, the Soviet foreign minister had called the French and

British missiles "strategic," a long-

range weapons category that would

exclude them from the talks on

Gromyko replied that the French and British systems had "a dual

face" and could be considered both

strategic and medium-range weap-

ons. Mr. Genscher said this distinc-

tion was "remarkable," and ex-

pressed the hope that it would mean a new Soviet position.

Gromyko spent a day in Paris

where, in talks with President

François Mitterrand, he was re-

ported oot to have repeated what Mr. Genscher had construed as a

As diplomats and politicians in

Bonn noted, Mr. Genscher had nothing to lose by going public

with what might have been only

If Mr. Gromyko's utterance

turned out to be the harbinger of a

concession, they said, Mr.

Genscher could take credit for it. If

once considered the French and

British systems as strategic.

possible concession.

conversational banter.

In the meantime, however, Mr.

According to Mr. Genscher, Mr.

regime, the Democratic Alliance, an opposition coalition of politica ing talks with the government.

There were scuffles Friday as

thousands of people marched down Santiago's main avenue to celeof the general's rise to power, and police broke up a demonstration by about 600 people who attended a ceremony Saturday to honor Mr. Despite newspaper speculation

Swift action is expected in both

it is approved.

Both houses are expected to act this week on a \$187.5-billion de-U.S., Latin Nations Agree on Causes

> destroyed the already shaky credit emment grants for public works region, was never endorsed by any of the indebted nations. Nonethe- Like most of the House Democrats' opposition parties in some of the pected to go far in the Senate. countries and received some atten-

U.S. Congress Returns From Recess To Begin Work on Crowded Agenda

ter funding runs out Sept. 30.

tions bill, including actual funding

for the MX and other controversial

weapons, is scheduled to begin this

week in the House and shortly

leading to spending excesses.

By Helen Dewar Washington Post Service

WASHINGTON - International crisis and domestic politics top a crowded agenda of national security and domestic issues as U.S. congressmen return to Washington Monday from a five-week

summer recess. The question is whether Congress and President Ronald Reagan will be drawn together or divided as an election year approaches.

At least at the start, the Soviet Union's downing of a Korean jetliner and the deaths of U.S. marines in Lebanon are likely to deflect attention from Congress' customary preoccupation with money matters as a new fiscal year approaches Oct. 1.

In addition to spending bills, a debt-ceiling extension and several authorization bills that must be acted on by the end of the month, a variety of politically laden domes-tic issues are high on the list for early action, especially in the Dem-ocratic-controlled House.

The Republican majority in the

Senate, nervous over whether it will retain control after the 1984 elections, will also increasingly have its eye on political survival.

Republicans suffered a blow

during the recess when the chair-man of the Armed Services Committee, John G. Tower, Republican of Texas, joined the majority leader, Howard H. Baker Jr. of Tennessee, as a lame duck who is not seeking re-election next year.

There is speculation that one or more others may do the same, especially if the alternative is coming back as a member of a powerless minority.

While Senator Henry M. Jackson death deprives Congress of one of its most forceful champions of defense and critics of the Soviet Union, the outraged response to the downing of the Korean airlines could raily Congress behind the that General Pinochet would an- president on national security issues, some leading figures in Congress have said. The question is how much and how long,

> ouses on a resolution condemning the Soviet action in shooting down the lettiner. There may also be a push from

within Congress for speedy congressional authorization for the U.S. marines to remain in Lebanon, as many lawmakers say is required under the War Powers Act so long as hostilities continue there. But some influential members want the marines brought bome, and the authorization could prove contro-versial, inviting restrictions even if

fense authorization compromise that gives approval for production of the MX missiles, a new type of nerve gas weapons and most other weaponry sought by Mr. Reagan.
On the House Democrats agenda

which would have disrupted the are two major jobs bills: one to world of international finance and authorize \$3.2 billion for local govworthiness of most countries in the jobs and another to authorize \$5 billion for local public service jobs. less, the ootion had been voiced by recent jobs initiatives, neither is ex-

For the rest of the month, the major business of both houses will

in light of briefings by Paul H.

Nitze, the U.S. negotiatior, the

West German government has had

few illusions for several months

about the likelihood of a Geneva

Like Mr. Nitze, Bonn officials

have concluded that the talks will

become serious only after the first

nine of 108 Pershing-2 launchers

planned for West Germany be-

A West German government re-

port says leftists are planning vio-

lent attacks on NATO installations

in West Germany this fall in oppo-

sition to deployment of new oucle-

ar missiles here, The Associated Press reported Sunday, quoting a

A report written by the security

anthorities in Bonn says members

of the Red Army Faction and its

offshoot, the Revolutionary Cells,

plan the attacks, the newspaper

In particular, the paper said,

bomb attacks are planned against

not be reached for comment on the

come operational on Dec. 15.

■ Bonn Warns of Attacks

Hamburg newspaper.

Welt am Sonntag said.

not, the Russians would be embar-munitions transports by U.S.

rassed by being reminded that they troops. Government officials could

breakthrough.

These analyses were contained in

end of Sept. 10 in Chicago. In the first, Gary C. Jacobson of the University of California at San minism notion by using the 1982

tists cited evidence from 1980 to

The question Mr. Jacobson posed in his paper was why the

the slump in President Ronald twice the 26 seats they lost.

operating as a party, were able to

ty were riding high. So they were able to field a much more attractive group of challengers than would have come forward on their own once the economy began its nosedive," he

In the Watergate year of 1974, the last time Republican incumbents faced such tough political conditions, Mr. Jacobsoo said Democratic challengers had more money to spend, on the average, than did Democratic incumbents. In 1982, by contrast, Democratic incumbents spent twice as much as challengers did.

a financial edge but a strategic advantage in the way their money was distributed. They targeted about \$2.5 million of late contributions to threatened incumbents; the Democrats spent more than \$6.3 million in unspent contributions on 32 incumbents who ended their campaigns with more than \$100,000 each in the bank.

be to pass as many as possible of The Senate Foreign Relations the 13 regular appropriations bills Committee is scheduled later this month to consider a nuclear freeze As usual, the rest will have to be resolution, which passed the House wrapped up into an omnibus stop- earlier in the year in modified form. gap "cootinuing resolutioo" to but the pro-necessary if action keep the government operating afcomes too soon after the Soviet Work on the defense appropria- attack on the airliner, Prospects for

Senate approval were considered

bleak even before the attack. Another struggle over an administration-sponsored \$8.4-billion inthereafter in the Senate. But Repre-crease in the U.S. contribution to sentative Joseph P. Addabbo, the International Monetary Fund Democrat of New York, chairman is also anticipated. The measure, of the House appropriations sub-committee on defense, has indicaf-ence, faces trouble when it goes ed he may dawdle over the bill if it back to the House because of Demappears that the emotional fallout ocratic anger over a GOP camfrom the Korean air disaster is paign tract that criticizes Democrats who supported the measure.

Economy Downplayed As Factor in U.S. Voting

By David S. Broder Washington Post Service

WASHINGTON - Students of voting behavior, using election data from 1980 and 1982, are concluding that the U.S. public is less automatically swayed by economic conditions than sometimes has been

The political scientists are also finding that voters who call themselves independents often in fact favor one of the two main political

two of the most discussed papers in a score of studies presented at the American Political Science Association convention during the week-

Diego attacked the economic deter-House election results in an effort to prove that "economic issues exercise no simple mechanical influ-ence over voting decisions." In the second, six political scien-

back up their contention, first voiced in 1977, that "most professed independents are really closet partisans" when they vote. Therefore, they said, "the highly publicized decline of the party system" alleged in studies that found growing proportions of independents is very much exaggerated."

Republicans lost many fewer House seats in 1982 than forecast in mathematical models that were based on the president's popularity and the condition of the economy. One such system had predicted that stagnation of real income and

Repoblicans 58 seats, more than Mr. Jacobson's answer essentially was that the Republicans, by

ninimize Democratic gains.

Because national Republican committees had created "a directmail fund-raising operation capable of generating a healthy, predictable income regardless of the fluctuations in the political environment," Mr. Jacobson wrote, the party was able to raise \$121 million for 1982 and to recruit and train promising candidates in 1981, when the administration and par-

"Only one of those challengers actually won," Mr. Jacobson said, but their aggressive campaigns meant the "money available to the Democrats was absorbed -- unnecessarily, as things developed - by worried incumbents,"

So the Republicans not only had

Because of their organization and strategy, the Republicans were able to define the issues in 1982 in

ways that improved their chances of minimizing losses. The "stay the course" advertising theme worked in two ways, Mr. Jacobson found.

'In districts with Republican incumbents, the key question was whether the voter thought that Reaganomics would eventually help or hurt the economy," he said, adding that "in districts held by incumbent Democrats, the most important economic question concerned which party could bestel handle inflation."

In their paper disputing the growing influence of political independents, the six political scientists focused on a less publicized part of the voter studies.

Almost all polls ask voters to classify themselves as Republicans, Democrats or independents, then ask the independents whether they lean toward either party or are completely independent. In most Washington Post-ABC News surveys of the past three years, the independents exceed the Republicans and come close to matching the oumber of Democrats.

But in the Post-ABC polls, like others, most of the independents, when pressed, acknowledge that they lean to one party or the other. In the most recent survey, for example, completed in August, 35 percent of the self-described independents said they lean toward the Republicans, 39 percent toward the Democrats, and 25 percent say they have no lean at all. Thus the so-

initially call themselves independents. The crucial question is not terminology but behavior, the political scientists said. They presented evidence suggesting that the "independent leaners" are more partisan

called "pure independents" consti-

tute 9 percent of the electorate, as

contrasted with the 36 percent who

than independent in their habits. Excluding blacks from their tabulations because of what the political scientists called their stronger identification with Democrats, the study found that the leaners "display an impressive tendency to vote for the candidate of the party they feel closer to," in both presidential and congressional elections.

In fact, they found that the leaners "generally are more loyal to their party" than poll respondents who categorized themselves as "weak partisans."

The authors of the paper are Candice J. Nelson of Georgetown University, Bruce E. Eith, Elizabeth Orr, Mark C. Westlye and Raymond E. Wolfinger, all of the University of California at Berkeley, and David B. Magleby of Brigham Young University.

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taxpayer, or the negative effects it WASHINGTON — The U.S. can have" in crippling embassy op-ambassador to France, estimating erations, Evan G. Galbraith said in

In the cable, which was obtained

"I doubt if anyone in Washington is aware of the full scope of the
problem, its overall cost to the U.S. tions "ground to a halt."

The delegates approved a document enumerating the causes of the region's huge debt, from high interest rates to the worldwide recession. And they created a special commission to make recommendations on ways to ease the burden of repaying the loans.

By Kenneth N. Gilpin

New York Times Service

CARACAS - in weeklong dis-

States and debtor nations have

agreed oo the causes and dimen-

lion debt.

ions of Latin America's \$300-bil-

ll points were characterized as a "basis for understanding," con-tained no revelations, the fact that it was drafted at all was an encourthose present.

This has been a good show, said Riordan Roett, director of Brazilian studies at Johns Hopkins University's School of Advanced International Studies and an observer at the conference. "The Latin countries can go home feeling happy that the United States did not use this meeting as an opportuuity to lecture them, but rather as a chance to listen to their concerns

sure in many countries to do something drastic. That is very benefi-

case the crisis of nations simultaneously confronted with severe recession and major loan payments. "We realize we have mismanaged our affairs in a gross manner

the way the banks have handled the renegotiation of Latin American debt was kept to a minimum. One delegate from Urugnay, who asked not to be identified, said that "we had no choice but to take the deal we were offered by the commercial banks. But we are satisfied with it." At a press conference Friday af-

Mr. Ferreira da Novrega joined

need for Latin American countries ation of a so-called debtors' cartel. to shore up their sagging rates of domestic savings, develop programs to attract foreign investment cussions at a meeting sponsored by the Organization of American and reduce public sector deficits. States, delegates from the United

And Severity of Debtors' Problems

Before the meeting, there had been some concern that the Latin

By James M. Markham

New York Times Service

public optimism, senior West Ger-

been convinced that the chances

are minimal for a U.S.-Soviet ac-

cord at the Geneva talks on the

limitation of medium-range arms

and that the deployment of U.S.

missiles in West Germany will start

But in an effort to dull protests

against the deployment, both Chancellor Helmut Kohl and For-

eign Minister Hans-Dietrich

Genscher have continued to voice

Mr. Genscher said Friday in Ma-

drid that Foreign Minister Andrei A. Gromyko of the Soviet Union

had hinted that a long-standing So-viet demand to include 162 French and British missiles in the Geneva

calculations might be waived. The

issue has been a major stumbling

As reported, Mr. Genscher's ut-

terances had the whiff of a Geneva

breakthrough about them, making

ment emerged merely as a response

to Mr. Genscher's having recalled

But in fact Mr. Gromyko's com-

him the bearer of good news.

bope for a breakthrough.

block to an accord.

in December.

man officials have for some time

BONN - Despite expressions of

American nations might use it as an opportunity to band together and repudiate their debts or demand their renegotiation. But the cre- tioo in the world press. Despite Optimism in Public, Officials

While the document itself, whose

aging sign, according to many of

and express a willingness to work with them in the future." Carlos Rodriguez Pastor, Peru's minister of finance, said that "the fact that we have had this meeting closes a chapter on the debt crisis. It will help quiet the political pres-

Delegates to the conference, which began last Monday, offered a wide variety of prescriptions to

and we are paying the price," said Manuel Ulloa, a former prime minister of Pera. "But the other principal actors, including the commercial banks, have not been making any sacrifices." In general, however, criticism of

ternoon, Mailson Ferreira da Novrega, general secretary of the Ministry of Finance in Brazil. acknowledged that "the days of abundant liquidity and favorable loan terms are over. We recognize that and have to adapt to new reali-

other delegates in underscoring the

And If Gemayel Falls . . .

It is no insult to the marines to observe that they are squatting in Lebanon like dumb ducks, taking casualties for reasons that no one seems able to articulate. It is no insult to President Reagan to observe that be cannot articulate their mission because he can no longer perceive it or be sure about the right t to end it. The troops and their commander in chief are playing for time, hoping that the moment will nominate itself.

Congress could assert its prerogative by invoking the War Powers Act and belatedly share responsibility for the choice. But the legislators should set no rash deadlines that force the president to assert a nonexistent American interest. Mr. Reagan obviously is stalling uncomfortably, which is oot always the worst policy.

Nhen the marines and other allied forces

went ashore a year ago, their purpose was to assure the safe dispersal of the Palestine Liberation Organization, keep the Israelis out of Moslem Bearut and provide a shield for a new Lebanese government. Thinking the job done, they departed — only to see Lebanon's new president killed, the Israelis taking West Beirut and helpless Palestinians massacred by vengeful Phalangist Christians. The American, French, Italian and British forces reappeared, to shield an even weaker regime led by the slain leader's brother, Amin Gemayel.

The hope was that he could form a coalition of Lebanon's feudal sects and build an army to pacify their private militias. That was sup-posed to make the Israelis secure enough to withdraw from Lebanon on condition that Syria ended its eight-year-old occupation as well. These hopes defied Lebanese history and also up-to-date political analysis. But they justified a low-cost stab at reinventing Lebanon, improving the life of a long-suffering people, blunting Syria's expansion and en-

hancing America's influence in the region.

It has not worked out that way and probably never will. And the costs of keeping Western troops in the crossfire are growing daily. Even if massively reinforced and allowed to pursue their challengers, the mannes could not disarm the rival armies or impose a stable order. Indeed, the threat that they will withdraw and leave Lebanon permanently partitioned -dismembered, really - is probably the last good U.S. card. The question is when to play it.

President Gemayel, a Maronite Christian, has clearly misplayed his hand. He let his father's Phalangist forces provoke unnecessary battles against assorted Moslem factions and these are oow uneasy allies against him. It is an open question whether the Gemayels still can or want to share enough power to preserve a loose but distinct Lebanon. Their only chance comes through the likelihood thet most of Lebanon's Moslems probably prefer a weak but indigenous government to the alternative: the loss of the south to Israel and Syria's domination of most of the rest of the country.

Shielding Mr. Gemayel while he bargains for Lebanon's survival is the only reason for keeping marines in Beirut for a few more weeks. Preserving a nominal Lebanon is a sound but modest American objective but not a vital national interest.

If the sectarian forces of centuries finally pull that society apart, the fault should be seen to be strictly local and not a panic in Washington. Let the marines shoot back when they come under fire, but let no one think that more men or a wider operation will yield anything except more casualties. And if Mr. Gemave falls, let the marines depart with him. The dozens of tribes that call themselves Lebanese have to make their own deals of mutual survival or accept national suicide.

-THE NEW YORK TIMES.

10 Years After Allende

ocratic tradition. The elected president, Salvador Allende, was already losing control of his government to Marxist revolutionaries who did not in the slightest share his democratic commitment. That is why, in the beginning, many Chileans applauded or at least accepted General Augusto Pinochet's intervention. Alarmed by the disintegration around them, they counted on him to return their country to its heritage in a reasonable time.

What they did not count on was thet he would abuse his patriotic mandate and thrust on Chile a regime that went far beyond dealing with the emergency at hand, establishing a harsh police state. Tens of thousands of Chileans were killed outside the law, many others were imprisoned and exiled, the natural political tendencies of the country were suppressed, and an economic system was imposed that has meant extreme hardship for most of the people. For turning a national crisis into an excuse for personal dictatorship, General Pinochet will oot be forgiven. This explains why most of his countrymen, believing his continuance in power to be a national disgrace, have turned against him now.

General Pinochet appears to think that by superficial concessions he can end the mass demonstrations, still the political unrest and prolong his power for another six years. Meanwhile, he has sent his police into action against demonstrators, peaceful as well as violent. The other day, the police fired a water cannon to block the delivery of a statement demanding his resignation by the Christian Democrats'

It is only half true that the coup in Chile 10 leader, Gabriel Valdes, who heads the newly years ago ended Latin America's longest demorganized Democratic Alliance of noncommunist parties. Police also beat Genaro Arriagada, another leading Christian Democrat. And General Pinochet wants to know why the opposition doubts his good faith.

General Pinochet's days, it would appear, are numbered. His policies do not even command the full support of the armed forces. When he goes, it will be through the working of Chilean forces. It is encouraging, however, that the United States, while it is oot driving events, has finally stepped back publicly from the general and taken a position in favor of a prompt and peaceful return to democracy.

The Reagan administration, often criticized

for tilting toward authoritarian regimes like General Pinochet's, would dearly like to see a transition occur on its watch, It would allow the administration to come forward in Latin America and in general ideological debate as a sponsor of democracy. It would prove its point that authoritarian regimes, unlike totalitarian ones, can move back to democratic rule.

Such results, if they come, are unlikely to erase the widespread impression - much of it myth - that it was the United States that undid the democratic order of Chile in 1973. We accept that the American role was secondary then; Chilean democracy was being grossly abused by Chileans. All the same, the United States made its own distinct and cynical contribution to Chile's breakdown. It would be deeply satisfying to see democracy restored in Chile now, and to see the United States cheering the process on.

-THE WASHINGTON POST.

People and Prosperity

Bureau confirm what professional demographers have known for some time: World population growth is slowing down. There were, the Census Bureau believes, about 4.7 billion peo-ple in the world this June — 82 million more than last year. But that represents a growth rate of only 1.8 percent. At the beginning of the 1970s, the growth rate was 2.2 percent. It does not sound like much of a difference, but it made a lot of difference in the quality of life in dozens of less developed countries.

. The typical pattern in these countries, and in the world as a whole, had been for death rates to drop because of improved medical care, while birthrates stayed high. Then, as time went on birthrates too went down. In some places - notably sub-Saharan Africa population is still increasing at record rates. But in others — notably China, India and Latin America—the rate of growth is slowing. Sometimes, in India and China, for example,

Figures just released by the U.S. Census tices Americans would find repugnant, such as compulsory sterilization and even infanticide.

ft should be understood that a rising population is not necessarily a bad thing. The East Asian fringe — the concommunist countries from South Korea down through Taiwan to Thailand, Malaysia and Indonesia - has had one of the highest population growth rates in recent years, and one of the highest economic growth rates as well. Economic growth in those countries is running well ahead of the oumber of mouths to feed, and standards of living are rising. It may be that in thet region - as in Western Europe and North America in the 19th century — optimism and faith in the future are contributing to population and eco-comic growth. Latin America's very rapid population growth was accompanied, until the recent worldwide recession, by substantial economic growth; everyone in the United States has an economic stake in having that growth continue.

some of that slowdown is the result of prac--THE WASHINGTON POST.

FROM OUR SEPT. 12 PAGES, 75 AND 50 YEARS AGO

1908: Piracy off the Philippines MANILA — Eighteen Chinese merchants from Sitanki, the southernmost island of the Philippines, are seeking refuge in Jolo from Moro pirates. Reports of piracy between Sitanki and Borneo, where the richest pearl beds are located, have been received continually in the past month. On July 1 the government abandoned the Customs House at Sitanki be-cause of economy. Chinese arriving at Jolo assert that the depredations by pirates began after the removal of the revenue officers, when the pirates raided the Chinese pearl fisheries, captured a boat and killed its crew. The government will take steps to punish the pirates. Major Barber, "Buffalo Bill's" partner, was at one time collector of customs at Sitanki.

1933: An Anti-German Boycott NEW YORK - An appeal to all races and creeds to join in boycotting German goods, shipping and services until Hitlerism is de-stroyed or the German government's anti-Semitic policies change was launched by Jewish leaders, with a number of prominent Gentile sympathizers, at a meeting of the American League in Defense of Jewish Rights. The meeting asked all Jewish communities in the United States to make contributions. "If this move-ment," former Governor Alfred E. Smith said, "was to remove from Germany anyone who criticized the government, it would be one thing, but it is directed against a complete people. As Bainbridge Colby says, the Jews can stand it but civilization cannot."

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The U.S. Must Rechannel Its Energies in Lebanon

WASHINGTON — Since Lebanon's inde-pendence in 1943, its dream has been a carefully balanced coalition held together by a presumption of equal treatment for all religious communities. The fragile octwork of understanding has been shattered in the past, then

patched up, and then shattered again. Unfortunately, it is again on the path to disintegration. In 1958, American Marines and an astnte political operator, the late Ambassador Robert Murphy, were able to facilitate the patching process. Today, American Marines may be watching, or even participating in,

What has happened? Malik Salam, a respected Moslem leader, says the Lebanese Parliament elected Amin Gemayel as president of Lebanon, but it did not elect the Phalangist Party and its private militia to take over power

in the country.

Walid Jumblat, leader of the Druze, believes there was a political deal with the Phalange before the Lebanese Army went into Christiandominated East Beirut, the Phalange's home territory, earlier this year. He insists he will not let that army into the mountainous Chuf area - where Druze have lived for centuries - until there is a far-reaching political understanding with the central government.

The type of understanding that he seeks, along with many Sunni and Shia Moslem leaders, is not clear. It increasingly appears to be a demand for change in the political structure of the country that would permit a greater sharing of power. Greater sharing could lead to a de-nunciation of the decades-old unwritten national covenant - which gives the powerful By L. Dean Brown

presidency, army command and parliamentary control to Maronite Christians — or it could lead to the creation of a government of recon-

blat, the Druze leader. In a powerful end-of-Ramadan address this summer to thousands of Moslems, a leading Sunni religious figure said that there can be no usurpation of power by one armed group, that political power must be shared through a revision of the national covenant and that all private militias must be disbanded.

It is this last point that has precipitated the present crisis. On Aug. 16, Defense Minister Moshe Arens of Israel flew to Beirut. There he met with Pierre Gernayel, head of the Phalange political party and, later, with Fadi Frem, the mander of the Phalange militia. Mr. Arens said he urged "political accommodation be-tween the Christian and Druze communities." In Beirnt, however, the meeting was viewed differently. Moslems and non-Maronite Chris-

tians alike saw it as a blessing of the Phalange forces. It exacerbated their fear that Amin Gemayel was not a president committed to protect all religious communities but the captive of the Phalange militia. From fighting over turf in the Chuf between Maronite and Druze forces, the conflict has spread to Beirut, involving not just Druze and

their oew enemy, the Lebanese Army, but others. The Shia militia, Amal, is heavily armed

and is driven by a demand for "social justice"

like that which propelled many Iranians in the struggle against the shah. Amal has entered the fray. So has the long-dormant Murabitoun, a leftist and originally pro-Nasser force.

Fighting now is as complicated and as diffi-cult to understand as it was in 1976. The chief difference is that the Palestine Liberation Organization is not involved and that the multinational force can become the accidental - or perhaps, if fighting rages uncontrolled - the planned target. We are not yet at the latter planned target. We are not yet at the latter stage. Much of the fighting is a form of political bargaining. The Druze and Moslem groups are saying: "We too have arms and power. If you refused to hear our pleas in former times of peace, we'll make them louder today with guns." This sort of political bargaining can

quickly degenerate into chaos. This is where the United States comes in. Washington talks of sending in more troops or pulling them out. But it is oot that simple. The nature of the game has changed. From unloaded rifles when they arrived a year ago, the U.S. Marines have moved to exchanging fire —
often with unknown opponents. The hope that
the presence of a multinational force would calm the situation and then lead to popular support of a strong central government whose army would control and disarm the multiple milities is gone. Instead, American, French, Italian and British troops are close to being regarded as allies of a central government under Phalange domination. This is dangerous.

It was indeed the desire of Ariel Sharon, the former Israeli desense minister, to see a Maro-

nite-dominated government in power, a government that could sign a peace treaty with Israel even if it meant cutting off Lebanon from the Arab world. Many Lebanese Moslems, who saw themselves no longer as unequal partners in a national consensus but as doomed to subservience in a one-party state, viewed American policy as supporting the Sharon line. Constant American repetition of a policy toward Leba-non of territorial integrity, independence and creation of a strong central government — without ever a word about political reforms or the need to recreate a national consensus based

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on power-sharing — amplified the fears.

American policy toward Lebanon needs a dramatic change. It cannot rely on the premise that the Soviet Union and Syria are somehow behind all the troubles, that Syrian and Israeli withdrawal will somehow bring peace or that a Phalange-dominated government can prevent a new outbreak of guerrilla and urban warfare.

Instead of relying solely on President Ge-mayel, the United States should turn its energies toward the creation of a new national consensus. Once again — how often does it have to be said? — the United States needs to support widely shared aspirations rather than

In June 1982, Henry Kissinger wrote that the Israeli invasion of Lebanon "opens up extraordinary opportunities for dynamic American diplomacy in the Middle East." How pretentious that all seems today.

The writer, who was President Gerald Ford's special envoy to Lebanon, contributed this com-



In Israel, Growing Malaise Over the Extremists' Power

By Richard Straus and Ken Wollack

fice, a senior Israeli civil servant here attempted to explain the prime min-

ister's despondency.

After ticking off the usual litany—
the mounting toll of the Lebanon war, the deteriorating state of the Israeli economy, and the death of Mr. Begin's wife — this official remarked that perhaps these problems merely hid a deeper sense of malaise over directions in which Israel is going.

Indeed, some of Mr. Begin's critics charge that the prime minister's party

lence and rage, people have some-

how found the courage to demand,

over and over, the return to democ-

racy, to dream a country where it is

abnormal that men can come in the

night and make you disappear, a

country where it is aberrant that

J ERUSALEM — During the week is undermining the very character of the state. One Labor Party official argues that government attitudes toargues that government attitudes to-ward Israeli dissenters have begun to reflect the arrogance and hostility

previously reserved for Arabs. It is obvious that the traditional elements in Israeli society are under attack from extremists. Increasingly, the secular, liberal, moderate socialists, most of whom are of European origin, and whose principles have gnided Israel for most of its history, find themselves pitted against an ag-gressive coalition of hawkish, rightist expansionists, angry Sephardic Jews

and religious zealots.
Thus, a tough-minded yet centrist Likud politician like Defense Minister Moshe Arens is criticized by West Bank settlers for timidity in dealing with the Arabs. The deputy prime minister, David Levy, who was born in Morocco, must constantly look over his shoulder as former Defense Minister Ariel Sharon travels through the Moroccan community

whipping up national sentiment.
At the same time, the small Tami party, which represents the Arabborn (or Sephardie Jewish) community, pressed first Mr. Begin and now Prime Minister-designate Yitzhak Shamir for special subsidies for its constituents. The Jerusalem Post called a government proposal designed to meet Tami's wishes "a piece of discriminatory legislation that will aid Jews, bot, deliberately, not making the law applicable only to families of four children or more, one of whose members has served in the armed forces.

Arabs are, of course, exempt from military service.

The ultrareligious groups, com-prising at most about 10 percent of the population, have gained increas-ing influence at the expense of their more secular countrymen. This results in part from the swing role the small, avowedly religious parties play in Israeli coalition politics. But more fundamentally, the reli-

gious parties' influence is increasing because, like the settlers on the West Bank, these extremists display a po-litical dynamism that the Israeli establishment continually accommodates. A case in point is the ultranationalist and religious groups of Jews who have moved into the West Bank town of Hebron. Led by a Brooklyn-born rabbi, Moshe Levinger, they have begun to resettle the old Jewish quarter in what has long been the West Bank's most volatile Arab community. Rabbi Levinger himself lives in a house in the middle of the Arab market. An Israeli Army

emplacement sits atop his roof. Yet less than a mile away sits the relatively new and as yet not fully occupied Jewish town of Kiryat Arba. That Rabbi Levinger can settle in Hebron while Kiryat Arba lies half empty has caused even some government members to speak out. One Knesset member complains that one of the main reasons for building Kiryat Arba was to prevent Jewish settle-ments within Hebron. But most observers now expect Rabbi Levinger's

presence to expand.

With fsraeli society split, one would expect the Labor Party to benefit from the nonreligious, anti-expansionist center. Yet this party, which governed Israel for its first 30 years, has become to many just another source of desnair. other source of despair. Shimon Peres, 60, behaves like a

man who has seen and heard it all before. In a world-weary way, La-bor's leader dismisses the notion of an Israeli society torn by internal strife as a view "of others."

The only time he acknowledges the divisions in Israeli society is when be cites them to support his contention that the economy is the main issue:

Economic common sense, he argues, will bring Labor back to power.

The overwhelming impression is one of leadership that is out of touch.

Anger and frustration seems to increase as you go down the political ladder. One young businessman spoke for many when he declared that "Likud created the split in Israel and Labor doesn't know how to deal

The writers are co-editors of the Middle East Policy Survey, a newslet-ter published in Washington. They con-tributed this comment to the Los Auge-

A Returned Exile Finds Chile 'Struck by a Plague' Day by day, I am witnessing the rebirth of this country. Living under the shadow of vio-

SANTIAGO - Returning to Chile after 10 years of forced exile, I am shocked by all that has changed, I am also shocked by what remains the same.

Everything seems so normal — much too normal. The same birds awaken me each morning that used to do so a decade ago, before a military coup crushed democracy. Somebow, I expected the birds to sing differently under a dictator. I imagined that the terror would have modified even the taste of food and the way people laugh. But everyday life appears much as it was when I left. Other things, however, have indeed changed. I had read that General Augusto

Pinochet's model of development had created a new and opulent social class, but nothing could pre-pare me for what I felt when, after passing through a virtually unaltered Santiago. I reached the barrio also — the hill-slope neighborhood where the privileged classes of Chile traditionally reside. This is the only part of the city that is unrecognizable. I found myself being guided, like a tourist, along unknown avenues filled with hundreds of glass towers and shopping malls, splendid gardens and efficient freeways. I could not believe thet this was Chile. It was as if I had stepped into one of the nicer suburbs of a metropolis back in the United States. In just 10 years, a By Ariel Dorfman

modernized, sleek and exclusive city-in-itself had arisen. There has always been, in Chile as in the rest of Latin America, an abysmal distance between the rich and the poor. But those who live in these countries find ways of disguising that distance or ignoring it. My years away from home have given back to me not only the possibility of measuring that distance

but of being overwhelmed with the stark evidence of its malignant growth. Only a few miles from the barrio also are slums where millions of Chileans live in squalor - the price Chile pays for so much ostentatious luxury for a few. When I left Chile, these slum dwellers had been poor. When I came back, I discovered that General Pinochet had performed the miracle of making them even more miscrable, stranding them even further from the mainstream of society. Visting one shantytown, I real-

ized that these people have lived an exile more terrible than my own. They may have had the comfort of the mountains, and they could speak Spanish while I had to learn foreign languages and read incomprehensible street signs, but they have been turned into strangers in

What is true of them is true of most Chileans, even those in a bet- control over the dreams of Chile.

ter financial situation. It is as if Chile had been struck by a plague. I

am scandalized by the physical ruin of my country. The economic crisis touches greavene. I drove through the industrial belt of Santiago and it was like visiting a ghost town. The stores are cupty. Most of my friends and family are unemployed or hold only part-time jobs. Though it is winter, there is no heating in the house where I am living And yet, in this land without a free press, this land where hun-

dreds of thousands have been jailed and numiliated, where exile and violence and lying have become as natural as oreathing air, the predominant meed is not despair. People know, of course, that General Pinoches still holds power. He can still order his troops to murder. and he does. He can still torture, and does. He can still transmit his most incoherent thoughts into each home whenever he se desires, and he so desires incessantly. But a dictator cannot last uniess be rules the minds, as well as the bodies, of his people. If he cannot make their dreams coincide with his promises, and their fears coincide with his threats, he is lost. I am fortunate to

have returned at the vary moment

when General Pinochet has lost

four square miles of a city has grown wondrously while everything else stagnates. People are no longer afraid. At night, they bang pots and pans to protest as if they were in front of the walls of Jericho, and in the daytime they march and congregate and openly discuss ways of ridding themselves of the tyrant. I have seen them risk the bullets and the beatings and the dogs. I have seen them bring defiant Chilean flags to the sirport to greet returning exiles. Slowly, another sort of country is

emerging, a country where I do not feel like a stranger. I love the birds and the mountains and the smell of fruit. I love to play with the nephews who were born during these 10 years. But what makes me feel really at home is the rebirth of my

The contributor, a Chilean writer who lives in Bethesda, Maryland, was given permission two weeks ago to return to his country. He wrote this column for The New York Times.

tunger senators assess their success

by the media attention they receive.

The easiest way to get attention is by

challenging the executive on military

and foreign policies. That is one reason wby, having awakened to the fact

that it has delegated too much discre-tion to the executive. Congress began

asserting itself in the wrong area -in

defense and foreign policies, where it

is least equipped to cope, and where

deference to the executive is proper.

tary buildup has been the most im-

portant public business since 1981, since 1981 Mr. Tower and Mr. Jack-

son have been, with Mr. Baker, the

most important senators. As Mr.

Senate with those three men missing.

The Washington Post.

I am sick to death of hearing about

Solidarity. Instead, give me some

cheerful news as to how the free labor

unions are thriving in Turkey, the

Argentina, Paragnay, Chile and other

T. ROBERGE

Philippines, El Salvador, Guate

Because President Reagan's mili-

Tower's Retirement to Leave a Much-Changed Senate

WASHINGTON — When asked recently why a colleague had voted against a defense program, Senator John Tower snapped: "He abuses the right to be stupid." When the senator points the Green Bullet (his 1972 Dodge) toward Texas next year, the Senate will lose one of its tartest tongues and sharpest minds.

Mr. Tower, whose office is a few yards from what was Senator Henry Jackson's office, will not quite say so, but he might have reversed his decision to retire if he had not announced it before Mr. Jackson died. In the Senate, as in many other institutions. 20 percent of the members do 80 percent of the work. For two decades Senators Tower and Jackson were two of the consequential 20. Since 1981 they have been, respectively, chairman and ranking Democrat on the Armed Services Committee, So in 1985, the Senate is certain to be without at least 15 percent (counting Howard Baker) of the 20, and even more of the heart of its leadership on

Mr. Tower has been in the Senate 22 years, 20 of them in the minority. In 1965-66 he had just 32 Republican colleagues. No senator, having been a chairman, can stand the thought of

returning to the minority.

But there are 19 Republican and only 14 Democratic seats up in 1984, and today at least six Republican scats (Texas, Tennessee, Illinois, Iowa, North Carolina and New Hampshire) look more vulnerable than any Democratic seat.

Mr. Tower thinks, probably rightly, that he would have been re-elect-ed. Polls show him 20 percent ahead of his ocarest rival; his job-approval rating is higher than ever. And he actually likes campaigning across his United States to encourage Amin 1914, as old empires started to crumunreasonably vast and complex state. Genayel to make a separate peace ble and the balance of power shifted. More letters, Page 5.

By George F. Will

However, the Texas electorate is 11-percent black and 18-percent Johnson and Bob Kerr. There never was a record vote unless the leadershowed, Texas Democrats have been reading the Republican book on organizing turnouts. Mr. Tower would oot have needed to spend a nickel to build name-recognition, so his campaign might have cost "only" \$7 million. Texas has 19 media markets. Four cover 70 percent of the electorate, but the other 15 can turn an

Beyond a desire for a fresh and less draining life, Mr. Tower's decision to leave the Senate reflects dismay about the institution. Not long ago, he says, the Senate was more efficient and civil, in part because power was concentrated in a few persons who received considerable deference persons like Richard Russell, Everett

Mideast Approaches

Plan" (IHT, Sept. 5):

Regarding "Political Wars in Mid-ast — and U.S. — Snag Reagan

The American approach and that

of the West in solving the problem of peace in the Middle East through Syria's Hafez al-Assad, King Hussein

of Jordan or Saudi Arabian leaders

will take us nowhere, because for

these Arab countries to accept that

The only practical alternative is

that of peace in slices, Sadat-style.

The opportunity is still there for the

role will put their survival at risk.

defeat of Governor Clements ship wanted one. That saved time and, even more important, prevented what has become common - the engineering of record votes, often on amendments that are going nowhere, often for grandstanding purposes, or to get responsible incumbents to make themselves vulnerable to irre-sponsible challengers by casting po-litically dangerous votes.

Mr. Tower thinks th. Senate has "lost its corporate mem. ry." Fortythree senators have been there le than six years, and 63 less than 10. Too many of the new members are "media creatures." They are fright-ened of politically awkward publicity. They increasingly share, or at least are inhibited by, the values of a press corps that sees itself as an adversary

Reagan contemplates the likely mix-ture of pain and pleasure in a second term, he must be imagining how hard it would he for him to deal with a

mensions. Instead of "stopping Hit-ler," be should study the results of the

have intended to do. With strong U.S. backing, he might take the risk. ROUBEN HAIM HAWA. Winchester, England. Unions Under Pressure

LETTERS TO THE EDITOR

with Israel, as his brother seems to He imagines himself some sort of Winston Churchill. BEN LANE Sollentuna, Sweden.

Reagan and Chamberlain President Reagan equates the

peace and anti-nuclear movements with Neville Chamberlain and his appeasement policies. His tragic mis-reading of history is leading as all into a holocaust of unimaginable diunrestricted arms race preceding

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government in power, in sould sign a peace used again a peace used in assent cutting off Lebanes, incloning the state of the same as unequal parties as doomed as the sense of the Sharon line for the Sharon line for the state of a poicy toward a strong central government of a poicy toward a strong central government of the strong central government would about policy toward a word about policy toward a word about policy toward a strong central government. strong cerural governors word about political idea reate a national consensus ing — amplified the least policy toward Lebanus sails. It cannot reiy on the least to Union and Syria are not troubles, that Syria are not all somehow bring pean minated governments.

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It is obvious that the make elements in Israeli arten me strack from curries less the secular, liberal, actions inte, most of whom are ding ongin, and whose promise guided Israel for most of the find themselves putel minus pressive cominion of brobbe expansion as any interes **ತರಿದೆ 10**020 ರಾಜಕಿಯ

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Asian-Americans See Rise in Discrimination

Violence, Antagonism Spur Unity Among Traditionally Rival Groups

By Robert Lindsey New York Times Service

LOS ANGELES -- Asian-American leaders say they are alarmed by what they regard as rising discrimination against their people. As a result, they are forming political action organizations around the country that are unifying traditionally rival ethnic groups, including Japanese, Kore-ans, Chinese and Vietnamese.

"It's come to the point that as long as you look Asian, you're open to attack, regardless of which group you belong to," said Stewart Kwoh, director of the Asian Pacific Legal Center, a leader of efforts to unify Asian groups in Los Angeles, which has the country's largest and most diverse Asian population.

"The only road open for us is to get active politically, by unifying all the Assans to form a viable force, so when we speak, we speak in one voice," said Lin Chang, an officer of the recently formed Alliance of Asian-Americans for

According to the Census Bureau, Asian-Americans were the country's fastest growing ethnic group in the 1970s. They make up less than 2 percent of the population, and most are concentrated in a few areas, particularly California, New York and Texas:

Asian-American leaders and others attribute what they see as a resurgence of anti-Asian sentiment principally to two factors: first, the large influx of Southeast Asian immigrants and, to a lesser extent,. South Koreans and Chinese in the last decade, and, second, the country's economic troubles, which have intensified competition for jobs and which some Americans have attributed to imports from the

The pattern of discrimination, they say, is most prevalent among blue-collar whites and low-income urban blacks and Hispanic Ameri-cans, who regard unskilled Southeast Asian and Chinese immigrants as competitors for jobs, housing and favorable treatment in government assistance programs.

The rising tension between Asians and blacks was reflected this month in The Los Angeles Sentinel, which calls itself the largest black-owned newspaper in the West. The newspaper reported that scores of businesses in black areas were recently "taken over" by Asians. It criticized financial institutions for lending money to Asian

"I think they resent us," Glenda president of the Co Asian-American Organizations in Houston, said of other minority groups. They had to struggle so long for their rights, they don't think there's enough room now for another minority group."

The most widely discussed attack on an Asian-American occurred in Detroit last year, when Vincent Chin, a 27-year-old Chi-

Americans Called Terrorist Victims

The Associated Press NEW ORLEANS - More than half of the people killed or maimed worldwide by terrorists are Americans, a U.S diplomat has told a conference of jurists here.

"And the biggest single departmental victim is the U.S diplomatic service," Robert Sayre said Friday. He is the chairman of the State Department's interdepartmental Group on Terrorism.

Mr. Sayre, who is coordinator of side the United Nations that was security policies and programs, was joined by thousands of people among the speakers at the Sixth International Conference of the International Association Of Jurists, Italy-USA, where the subject was out of this tragedy is that Koreans terrorism and what to do about it. and other Asian people will realize Mr. Savre was also ambassador to that you remain a victim when you Brazil from 1978 to 1981. remain silent"

nese-American, was fatally beaten in a bar by two white unemployed bine-collar workers, who reportedly thought he was Japanese.

Asian-American leaders say there have also been fatal attacks on Asians in the last year in Houston, Boston, Davis, California, and elsewhere, that may have been at least partly motivated by race.

Asians who were interviewed last work in several cities emphasized that there were many communities in which Asian immigrants were living with non-Asians without any ms caused by discrimina-

But Dong Soo Ha, secretary-general of the Korean Association of New York, said: "There is some kind of danger to being an Asian in this city. There is some kind of hatred growing between Koreans and their neighbors."

Charles Lai, the Hong Kong-born director of the Asian Ameri-can Research Institute and Center for Community Studies, in New York's Chinatown section, said there had long been "an image in this country of a so-called 'yellow peril,' that, if left unguarded, the Chinese will overrun the country."

He said he believed it had intensified recently "because of the state of the economy." In many places, Asian immigrants are accused of working for less than prevailing

ages, depressing wages for others. Margaret Fung, an attorney for the Asian American Legal Defense and Education Fund in New York, agreed. "The economy is so bad and the unemployment rate is so high that immigrant workers are perceived to be threatening," she

Complaints that Southeast Asian refugees are a drain on a community's welfare system, schools or public hospitals are also common. "A lot of the Anglo parents think these kids are slowing down classes," said Betty Waki, a Japanese-Amer-ican high school teacher in southwestern Houston. .

Some Asian-Americans accuse labor unions of inciting bias against them because of misdirected unhappiness that imports have cost American jobs.

"They resent a company's use of cheaper foreign labor, and they take it out on immigrants in this country, and not only on immigrants, but on people of Asian beritage who were actually born in this country," said Ruby Scharr, a Japancse-American who is executive director of the Japanese American Citizens League in New York

For the most part, Asian-Americans have not been a cohesive political bloc in the past, partly because of tivalries and cultural differences among national groups. But many Asian-Americans say this is changing now, especially because of a shared outrage over the fatal beating of Mr. Chin in Detroit and the

light sentence his killers received. . According to court records, he airport. was killed by two white men who, thinking he was Japanese, beat him while complaining of Japanese imports. After pleading guilty to manaughter, the assailants were fined \$3,000 and released. The killing, Asian-American leaders say, made many of their people realize that whites tend to regard all persons of Asian background alike and that increased prejudice against one

Asian group was really increased prejudice against all Asians. The Soviet Union's shooting down of a Korean Air Lines 747 with 269 people aboard has had a unifying effect on Asians in the United States, according to Mrs. Scharr of the Japanese-American whose ancestors came from many parts of Asia, she said: "Perhaps the one good thing that will come

spotting trend changes."

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tles" (IHT, Sept. 3-4):

every three calls.

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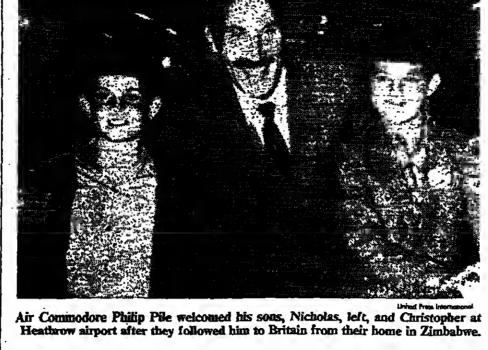
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C. WARREN NOOKER.

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Air Force Officers, Freed by Zimbabwe, Arrive in U.K.

LONDON - Two white air force officers released from detention in Zimbabwe have arrived in London, expressing hope that four colleagues still held after their acquittal on sabotage charges also

Air Vice Marshall Hugh Slatter, 41, and Air Commodore Philip Pile, 43, were released Friday by the Zimbabwe government and ordered to leave

Mr. Slatter, Mr. Pile and four other airmen were found not guilty in Zimbabwe of plotting the sabotage last year of 13 warplanes. But minutes after they were cleared, the six were again detained on the orders of Home Affairs Minister Herbert

"I'd like to express our gratitude and appreciation for the concern and interest that has been shown over our situation," Mr. Slatter said as the two arrived Saturday at Gatwick airport on a flight from the Zimbabwe capital of Harare. "We are concerned with the predicament of our fellow officers who are left behind and I bope their

situation also will be resolved very soon," he said. On Friday in Dublin, Prime Minister Robert Mugabe of Zimbabwe strongly defended his government's decision to rearrest the officers. After the acquittal "it became the duty of the government to examine the evidence which had not been admissible in court," Mr. Mugabe said. "Those who were helieved less involved were released." he said, referring to Mr. Slatter and Mr. Pile.

Managua Says Rebel Plane Downed, 3 Others Driven Off Near Costa Rica

By Robert J. McCartney

Washington Post Service MANAGUA - Anti-aircraft nunners have shot down a rebel airplane and driven three others away near the Costa Rican border,

officials have indicated. Fire from guns and rockets brought down a plane on Friday, about 2.5 miles (4 kilometers) inside Nicaragna in remote jungle, while it was on a trip to deliver applies to anti-government forces, a Defense Ministry spokesman said Saturday. It was the second rebel plane reported to have been downed in two days.

Three other planes turned back Friday when they met heavy fire near a military base after dark near the western end of the Nicaraguan Costa Rican frontier, said the spokesman, Commander Roberto Sauchez. No group has claimed responsibility for the reported incut-

The Costa Rican-based Democratic Revolutionary Alliance said it had staged attacks Thursday oo the Managus airport and early Fri-day on the Pacific port of Corinto. The government said it had shot down a propeller-driven plane that had taken part in the attack on the

Despite Nicaraguan protests to the Costa Rican government over the raids, a senior Foreign Ministry official in Managua played down differences with its southern neighbor. He said that Costs Rice was doing all it could to restrain the insurgents, who "have taken the law into their own hands" at the behest of the United States.

The official, who asked not to be identified, said that the logbook of the plane shot down at Managua's airport Thursday showed that the pilot had made several trips beween the United States and Central America. The book will be made public soon, he said.

The raids have added a new elegroup in New York, Referring to ment to the insurgents' fight an anti-Soviet demonstration out- against the Sandinist government, but appear to have had limited success so far. The planes used are small, and there have been no reports of serious damage caused by their bombs or rockets. With Saturday's announcement,

Nicaragua has reported eight violations of its airspace by insurgent

not yet have information on the type of plane shot down Friday. tack. Commander Sanchez said efforts to recover the wreckage were being hampered by the jungle terrain.

The government also could not identify the type of the three planes that were repelled. Commander Sanchez said it was too dark for the

soldiers to see the planes clearly. Commander Sanchez reaffirmed that the two planes that attacked Corinto on Friday had flown from Honduras. But this point was the subject of dispute after the Demo-

The Defense Ministry said it did cratie Revolutionary Alliance claimed responsibility for the at-The Honduran-based Nicara-

guan Democratic Force has denied that it had staged the Corinto raid, and has said it assumed that the planes had come from Costa Rica. The Honduran government has demed any involvement. The issue issignificant because the Honduranbased rebels are known to receive backing from the U.S. Central Intelligence Agency, whereas the Costa Rica-based group has denied

Mexican Union Official Reported Seized in U.S.

By Richard J. Meislin New York Times Service

MEXICO CITY - A Mexican oil union officer accused of embezzling millions of dollars was kidnapped from a Texas border town last week and returned here to face possible prosecution, according to police in Texas and government authorities in Mexico.

The science of the union official in McAllen, Texas, was the latest twist in an investigation of corruption at the upper levels of the Mexican Petroleum Workers Union. He was reportedly returned to Mexico by union members loyal to the

group's secretary-general. The abducted official Hector Garcia Hernández, had been accused of stealing \$6.6 million while serving as director of education and social services for the union. The attorney general is investigating the accusation, but no formal

harges have been filed. Mr. Garcia Hernández left Mexico last month shortly after filing formal charges of an even larger theft against the union's secretarygeneral, Salvador Barragan Camacho, and promising to reveal publicly a pattern of corruption in the

Mr. Barragan Camacho, a member of the Mexican Senate, filed the original charges against Mr. Garcia Hernández. He is also under inves-

Pro-Barragan Camacho members of the union were said to have posed as agents of the U.S. Federal Bureau of Investigation to kidnap Mr. Garcia Hernández.

The abducted union official arrived here Friday and was placed in the custody of the attorney gener-al's office. His alleged kidnappers, meanwhile, were in custody in Tampico, Mexico, where they had turned Mr. Garcia Hernández over to the authorities.

It was not immediately clear whether the United States would seek to have the men returned to Texas to face kidnapping charges.

The series of charges and countercharges have focused attention on corruption in the union, which has long been a subject of private conversation here, and the public discussion has made some union officials uncomfortable.

At a union meeting in the capital Thursday, a local union official said that the controversy was being propagated for cash by irrespons ble yellow journalists," and another said that it was the work of worthless cabinet members who would destabilize our union."

Mexico's oil industry, which grew rapidly in the late 1970s and early 1980s, has been a focus for President Miguel de la Madrid Hurtado's "moral renovation" campaign against corruption.

Ex-Leader of S. Africa Symbolized Apartheid

By Joseph B. Treaster New York Times Service

NEW YORK - John Vorster, 67, a former prime minister of South Africa and a symbol of apartheid, died Saturday of a lung infection, the South African Broadcasting Corp. reported.

Mr. Vorster rose to prominence as the minister of justice who oversaw the enactment of laws that empowered the government to detain political activists for up to 180 days without trial and strip them of their civil rights.

As prime minister from 1966 to 1978, he surprised some South Africans by making overtures to the leaders of neighboring black African countries and by giving new freedoms to black South Africans. But be explained that all his ac-

tions were intended to preserve South Africa's system of apartheid which provides for the separation of the races and the concentration of all political power in the hands of the white minority.

Amid initial reports of misuse of public money and increased international calls for sanctions against the white-ruled republic, Mr. Vor-ster, citing ill health, resigned as prime minister in September 1978. He accepted the largely ceremonial post of president.

He left the presidency in June 1979 after government investiga-tors had accused him of giving false evidence and of complicity in covering up the spending of more than \$70 million without proper authorization to promote South Africa's image. Mr. Vorster denied the

After leaving office, Mr. Vorster remained an influential political figure. A year ago he publicly re-jected "power sharing in whatever form" between South Africa's 4.4 million whites and its more than 20

million blacks. In his youth, Mr. Vorster helped found an anti-British organization that advocated a government for South Africa based on the model of

After the war, he joined the dom-inant National Party, which was largely the domain of the 60 percent of white South Africans who, like Mr. Vorster, traced their heritage to the early Dutch settlers and called themselves Afrikaners. He won a seat in Parliament in 1953.

Mr. Vorster was appointed min-ister of justice in 1961, a year after police shot to death 72 unarmed black demonstrators in the town of Sharpeville. The episode raised the specter of black revolution and heightened the fears of the ruling

The rights of free speech, asof hand," Mr. Vorster said in his plete the mission and said a new first speech as minister of justice. He set out to establish some con-

Among his most drastic measures was the Sabotage Act of 1962. U.S. Continuing Under that law, suspected subversives could be detained for up to 180 days and individuals could be "banned," or effectively eliminated from South African political life so that they were prohibited from speaking out. The law made it a crime to publish their remarks.

A few days after the assassina-oon of Prime Minister H.F. Verwoerd in September 1966 in Parliameot, Mr. Vorster was manimously elected leader of the National Party and was named prime minister. He had been a student of Mr. Verwoerd's at the University of Stellenbosch and later his protégé in government.

In his acceptance speech, Mr. Vorster pledged to follow Mr. Verwoerd, who was credited with formalizing the doctrine of apartheid. In his early years in office, Mr. Vorster permitted a few changes that were said to have made apartheid less rigid. He also formally received the prime minister of Lesotho with full honors and signed a trade agreement with Malawi.

In 1974, he became the first South African prime minister to negotiate with the country's tribal leaders. Also during his tenure, a gan campaign, has denied this.

and botels were opened to blacks, as were some libraries, theaters and

In 1976, Mr. Vorster's government used massive force to quell riots in Soweto and other black townships surrounding Johannesburg that a government-ordered study later said had crupted out of the "great hate" generated by South Africa's racial policies.

zar Johannes Vorster but he preferred to be called John. He was born Dec. 13, 1915, on his father's modest sheep farm in the predomi-nantly English Cape Province. He was the 13th of 14 children.

Mr. Vorster's name was Baltha-

Maurice R. Valente, 54, an investment banker, former president of RCA Corp. and a longtime executive of International Telephone and Telegraph Corp., Sept. 3 in Rome. The U.S. Embassy in Rome said the death certificate gave the Walter Reed Ar cause as "insufficiency of cardiac in Washington.



John Vorster

activity due to asphyriation follow-

Felix Block, 77, a Nobel prizewinning physicist whose discoveries led to advances in physics and medicine, Saturday in Zurich, apparently of a heart attack.

Leonard D. Heaton, 80, a retired licutenant general who was army surgeon general under presidents Dwight D. Eisenhower, John F. Kennedy, Lyndon B. Johnson and Richard M. Nixon, Saturday at Walter Reed Army Medical Cente

Debris Sample Retrieved From Crippled A-Plant

By Milton R. Benjamin

MIDDLETOWN, Pennsylvania Four years after the Three Mile Island accident radiated fear across America and stunted the growth of March 1979 during the worst U.S. the nuclear power industry, technicians have probed gingerly into the reactor's damaged core to remove the first spoonful of radioactive de-

The first entry mission, resembling a moon-walk as three men in air-cooled protective suits worked awkwardly inside the highly con-taminated containment building of the damaged Unit 2, was cut short Friday after only one of three

Nazi Germany. During World War planned samples was retrieved.

II he was jailed for his militant From TV monitors in a nearby opposition to the Allied war effort. command ceoter, cootrollers watched as ooc cam member slumped down atop the service structure above the reactor, sat clutching his head and complained of feeling ill.

The command center immediately ordered the stricken man to leave, and a health worker escorted

him from the structure. As he emerged through an air lock that keeps radioactivity from escaping, another technicism ra-dioed; "He don't look so good." He

Officials refused to allow the two group would try Monday to extract

Probe Into Loss Of Carter Papers

New York Times Service WASHINGTON — The Justice Department is still several weeks away from concluding its inquiry into how Ronald Reagan's campaign obtained President Jimmy Carter's political strategy papers in 1980, according to officials familiar with the investigation.

Thus far, they said, there appears to be little reason to believe the FBI has uncovered enough evidence to bring any charges. But sources said investigators had met with what one termed "convenient lapses of memory" among lower-level work-

ers in the Reagan campaign.

Also unresolved are conflicting accounts by William J. Casey, the director of Central Intelligence, and James A. Baker 3d, the White House chief of staff.

Mr. Baker has said Mr. Casey gave him a notebook containing material for Mr. Carter to use in his debate with Mr. Reagan. Mr. Casey, who was chairman of the Rea-

3rd Prize: \$ 232,000.00

City/Country

The samples will be shipped to the Energy Department's Idaho National Engineering Laboratory, where they will be analyzed in search of a better understanding of what occurred in the reactor is

nuclear power plant accident. The ill technician, officials said, was one of fewer than a dozen who have shown symptoms of "heat stress" during the past three years while working in the hot, humid confines of the containment building. He picked up a radiation dose of about 75 millirems during hisentry, the equivalent of 21/2 chest X-

rays, officials said.
The other members of the entry team received doses ranging up to 190 millirems during their 90-min-

ute stay, officials said. Officials of General Public Utilities, owner of the Three Mile Island plant, say they have been "very successful" in minimizing radiation exposure to workers during the

They say they have stayed well under the federal limit of 3,000 millirems per quarter or 5,000 per

year for each ouclear worker. "We've oever had anybody at anywhere near 3,000 millirems and we've only had a couple that have appeared tired and pale, officials been over 2,000 millirems for an said, and complained of a "severe entire year," said spokesman Doug

Since February, General Public Utilities has mounted an intensiv "dose reduction program" de signed to reduce the radiation dose to cleanup workers, Mr. Bedell said. He said the program has cut radiation dose rates on the ground floor of the containment building

from 350 millirems per hour to about 200 at present. "That's one of the reasons the cleanup is so blasted expensive," he said. "All the measures and protections and training and rehearsal that you need to reduce dose rates adds very much to the cost of the cleanup," which already has passed

\$380 million. Even so, Jack DeVine, technical planning director for the disabled unit, said cleanup workers thus far have received a collective dose of 3,000 rems (a rem is 1,000 millirems), making it increasingly clear that the 8,000-rem collective limit set by the Nuclear Regulatory Commission for completing the cleanup is not a number that will

let us complete the job." "We haven't done the rem-intensive jobs yet, such as defucling the reactor and cleaning up the reactor building," Mr. DeVine said. Analyses show that "possible numbers" for completing the clean-up "are all in the 20,000- to 25,000-

rem range," he said. Mr. Bedell said the Nuclear Reg. ulatory Commission already "has opened the process of revising the

4th Prize: \$ 174,000.00

LETTERS TO THE EDITOR

The Market Darthoard Christopher Lehmann-Haupt's review of "Preserving Capital" (IHT, Sept. 3-4) by the investment adviser John Train was too glow-

ing with praise.

I am a successful private stock market investor with a great deal of free time on my hands. I amuse myself by scanning market fore-casts from investment advisory services and brokerage houses. Since 1960 I have found forecasters cannot go more than a few weeks without a major mistake in market interpretation. This is because advisers do not know how to evaluare and weigh market information. Market writers and advisers are just that - writers and commissioned advisers, not successful investors. They sell market tips because they cannot make a living

investing their own money. The following passages from three studies of professional market advisers and economic forecasters illustrate the point:

The Federal Reserve Bank of Boston said that errors in economic forecasting "unprecedented in magnitude were made by the most respected U.S. forecasters during

Lessons of Flight 007

dubbed them "surtitles."

President Reagan's demand that

ly, as the titles are actually project-

ed above the stage, the Canadians

COSTA PILAVACHI:

Ottawa.

shot down, though for rather better Central America. The Contrarion, quoted by Forbes magazine in September

The diplomatic lesson from that

earlier incident is a simple one: Whether right or wrong, a great power does not apologize. Nothing shows this better than a delightful conversation, recorded in Leopold Kohr's "The Overdeveloped Na- deters, but the Russians respect tions," between Sir Harold Mac- only force and power; there is no millan and Nikita Khrushchev, Sir Harold, then British prime minister, had said: "Understand, Mr. Your article implies that the Khrushchev, they [the United New York City Opera's planned States are a great country — they unveiling of "subtitles" will be the cannot apologize." To which Mr. first use of this revolutionary tech- Khrushchev replied with the logic nique. This clever innovation was belitting powerful equals, or equalfirst used, with great success, by the ly powerful fools: "Excuse me, we Canadian Opera Company in To- are also a great country, and we ronto, during the 1982-83 produc- demand an apology." The result, of Educational Models tions of Strauss's "Elektra" and course, was that no apology was

> Vancresson, France. The wave of simulated outrage that engulfed the West over the social environ-Soviet "barbanty," without even ment, is not geared to rearing the waiting for a clarification by the creative individual, the Japanese Russians, has little to do with genuine concern for human lives, but

MARY DASSIER

by a U-2 spy plane that was also extending from the Middle East to creative, but merely to adopt a set YOSSI BEN-AKIVA.

President Reagan has called the

Russians hars, terrorists and mur-

Tübingen, West Germany. The world knows that the Soviet Union is a huge imperial power.

use in name calling. once: ask Japan to change its constitution, so that it can rearm, with American help and blessings. Japan, when rearmed, can be a terrific ally of the United States.

> LEONARD LEIGH Escaldes, Andonra.

Regarding "The Japanese Ap-

proach" (IRT, Sept. 5): Donald J. Planty Jr., the American high school student, is wrong Although the Japanese school syshave usually done their homework and learned their facts. Claude

and that they were "too late in penetration in 1961 of its airspace opinion from the U.S. war drive by not requiring everyone to be American society. This is a probpattern.

> done the opposite. With their emphasis on originality, they often fail to take a close look at the facts on which they are supposed to let loose their creativity.
>
> Even discounting fringe benefits such as courtesy as being immaterial to formal education, f found the

rote learning system of Japanese America must do one thing at schools superior in practical terms to anything American. U.S. students are encouraged to think and write critically, but have precious little to which to apply their underdeveloped critical faculties.

HENRY L. DANIELSON. Rotterdam.

I would like to add the following observations, based on my experience of both systems - the American as an elementary and junior high school student in the '50s and early '60s, and more recently the Japanese, as a visiting professor at their American counterparts.

Tokyo University.

The dismal results of the American system in transmitting "hard we in the West should seek to revivknowledge," and even minimal competence in the use of English. the 1970s." (IFIT, Aug. 18, 1976) the Russians apologize because of much with exploiting a convenient Lévi-Strauss, the French social anare not so much the result of faulty thropologist, told a Unesco conference of the Korean jet incident brings to pretext, tragic as it is, to launch a thropologist, told a Unesco conference of the conference of the Korean jet incident brings to pretext, tragic as it is, to launch a thropologist, told a Unesco conference of the conference of t Levi-Stranss, the French social an- are not so much the result of faulty advisers' fallibility was "shameful," United States apologize for the communism and divert public have kept their society integrated widespread anti-intellectualism of

lem linked to deep historical realioes, including the descent of most Americans, unfortunately, have Americans from underprivileged levels of European and other societies, the populist, single-issue nature of much of American politics, and the emphasis oo the "quick buck" as the paramount value, with corresponding esteem for those who make it, and contempt for those who pursue "wierd" goals such as knowledge or culture.

Against this must be measured the healthy emphasis on individual understanding and judgment which Mr. Planty rightly values over rote learning - available in the better American schools. Unfortunately, these are the exceptions rather than the rule. The defects of the Japanese sys-

tem spring from the essentially materialist, conformist and totalitarian nature of Japanese society. Its products, when they reach university, are generally as devoid of genuine intellectual curiosity as most of Rather than look for a model to

the Japanese educational 5 stem,

ify our schools with what is best in our own rich heritage: humanism and the spirit of free enquiry. LEONARDO de ARRIZABALAGA y PRADO.

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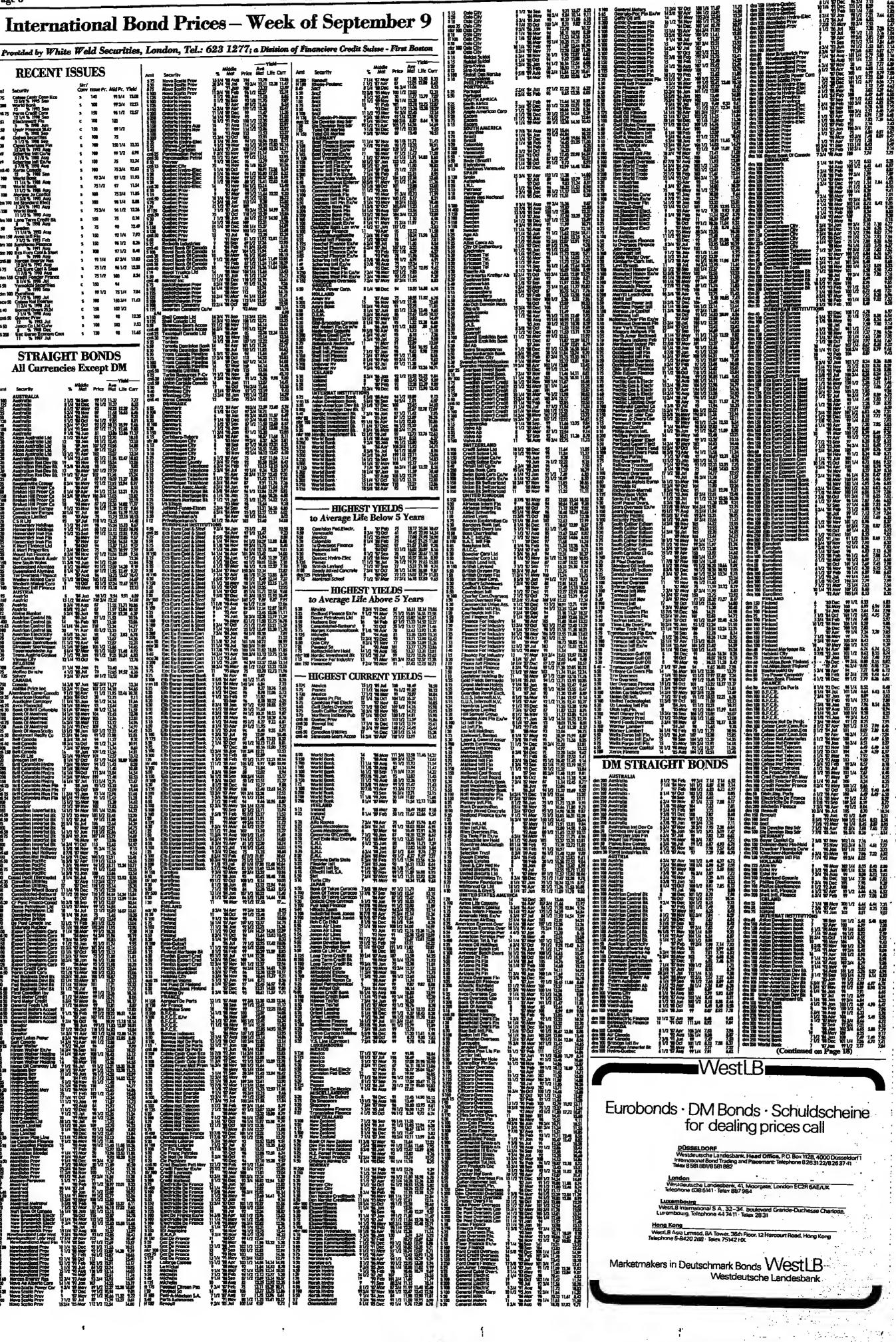
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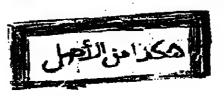
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Continuing Fallout From Tanaka Case

By Ken Ishii

TOKYO - It is like the calm before the storm. As the days move TOKYO — It is like the calm before the storm. As the days move toward Oct. 12, when a Tokyo district court is to deliver its verdict in the Lockbeed bribery trial of former Prime Minister Kaknei Tanaka, there is little evidence of concern over the potentially devastating effect the verdict will have ou the fortunes of the present administration.

Or perhaps, after seven years of headlines and 180 hearings over charges that Mr. Tanaka accepted 500 million yen from Lockheed while

in office to help sell its planes to Japan, interest has abated for the moment. So great was the furer over events leading to the prosecution's demand that the former prime minister be sentenced to five years in

prison that the verdict itself may even be anticlimactic.

From the evidence presented, the Japanese press unanimously predicts that Mr. Tanaka will be found guilty. But many agree with the view of a top political source who said, "Political assumptions for the future already take a guilty verdict into account." This means that, while the predict will create a guilty verdict into account. verdict will create a crisis in the Diet, Prime Minister Yasuhiro Naka-sone's Liberal-Democratic Party will be able to ride it out.

Nevertheless, the Tanaka case does pose a worrisome issue for the prime minister. There is no danger of the conservatives being ousted from power. Their dominance of politics, unbroken since 1945, is too overwhelming. But rarely has the left had such an excellent issue with which to

embarrass the government.

The question of political ethics, or rather the lack thereof, has become a subject of increasing public discussion, and demands by the Socialists and other opposition parties for Mr. Tanaka's retirement from politics have struck a responsive chord among Japanese.

Mr. Nakasone's predicament is compounded by the fact that he owes his assumption of power largely to the support of the Tanaka faction of the Liberal-Democratic Party. It remains the party's largest and most powerful faction despite the Lockheed scandal, a fact that in itself would seem to assure that the Liberal-Democratic Party will be able to ride through the coming storm.

Even so, there is no denying that a guilty verdict will damage the image that Mr. Nakasone has been striving, successfully, to create for himself as a strong, competent leader. By force of his personality, Mr. Nakasone has helped enhance Japan's stature in his meetings with world leaders. Under his stewardship, the Japanese economy has begun to work its way back from a protracted recession. Japan's inflation rate is among the lowest in the world. And Mr. Nakasone is determined to carry through an adminis-trative reform program to pare government waste, for which purpose he called the Diet into its fall session on Sept. 8, several weeks earlier than

Recent opinion polls thow a definite rise in Mr. Nakasone's popularity, compared to his early days in office when many were concerned about his hawkish stance on defense. Political analysts offered a number of scenarios on what might happen after a guilty ruling. One is that Mr. Tanaka will resign his Diet seat, which would take the heat off the Liberal-Democratic Party and the prime minister. This would be done, they said, in the knowledge that the four-year term of the lower house expires next June, after which Mr. Tanaka would be able to run again for ns seat from Nilgata prefecture in full confidence that be will be reelected. Despite criticism against him, Mr. Tanaka still has overwhelming support in his constituency, and Japanese voters tend to cast their ballots on the basis of personal loyalties rather than issues.

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Another scenario sees Mr. Tanaka remaining tough until the post-verdict storm abates sufficiently for the public's attention to be diverted to other matters, including President Ronald Reagan's visit to Tokyo in November, administrative reform and promised tax cuts.

In all of this, Mr. Natasone has a trump eard in his authority to call for eneral elections. Rumors of a dissolution of the Diet before its term is up have kept both the Liberal-Democratic Party and opposition politicisms off balance for months. Almost everybody thought the prime m would dissolve the lower chamber last June for a general election to coincide with elections that month for the Upper House. The thinking behind the double-election theory was that the Liberal-Democratic Party would be able to go to the polls before suffering an adverse impact from a guilty ruling against Mr. Tanaka.

The former prime minister is known to have applied strong pressure on Mr. Nakasone to do so, and by not succumbing to the pressure Mr. Nakasone made it known that, while he owed a debt to the Lockheed defendant, be was not his lackey. Mr. Nakasone himself has contributed

to the continuing political uncertainty by telling a recent party cancus:
"I would like every one of you to work hard to prepare for what awaits
us this fall. In less than a year, we will have to dissolve the lower house.
The success or failure of the election will depend on whether we are united or not, and whether the opposition parties are united or not "

Many Liberal-Democratic Party members interpreted this to mean that Mr. Nakasone was likely to dissolve the House of Representatives this fall regardless of whether it clashed with the Tanaka verdict. As a result, several Diet members canceled planned government-paid tours they usually take between sessions to stay at home and mend political

Will Mr. Nakasone serve a second term as prime minister? As circumstances stand, the answer would have to be yes. In addition to the Tanaka faction, Mr. Nakasone has the support of the faction led by Zenko Suzuki (whom he succeeded as prime minister). The Tanaka-Suzuki-Nakasone factional alliance today is numerically larger than the combination of the "anti-mainstream factions" led by Takeo Miki, Takeo Fukuda and Toshi Komoto. But observers do not rule out the possibility of the latter group of factions temporarily aligning themselves with the opposition after Oct. 12 to push through a motion calling on Mr. Tanaka to resign.



Japanese stand beside the automobiles they have just bought, seeking purification of the vehicles at a temple.

Automakers Expand Production Abroad

By John Hartley

TORYO - Honda cars are rolling off assembly lines in the United States and Britain, Nissan small trucks are being produced in the United States, and Isuzu vans are about to go into production in Britain. Decidedly, Japan's smotive industry has a far more international look that it did a year or so ago.

Moreover, in addition to the bigger ventures, Japanese cars are being built in a number of assembly plants all over the world, usually in countries where imported cars are subject to tariffs or quotas.

Still; there are obstacles to this growth. The industry is turning toward new territories and ventures, largely as a result of increased pressure from anthorities in countries where Japan al-

ready has car plants.
In the United States, strong official pressure has led the Ministry of International Trade and Industry to exercise "voluntary restraint" in allowing the expansion of automobile markets. In Europe, compension is making life diffi- that have curtailed purchasing, especially of

cult for salesmen of Japanese cars, and may large consumer items such as cars. But when the become a more serious threat than protectionism. Of the newer cars, the Peugeot 205, the Renault 11, British Leyland's Austin Maestro and the new version of the Volkswagen Golf are all strong competitors for sales.

Japan's strategy, therefore, has been to join forces with other manufacturers and to explore markets in Southeast Asia, Africa and South America. For example, while setting up its truck plant in the United States, Nissan Motors has been expanding its facilities in Mexico.

This summer, a new Nissan engine and com-ponents plant went into operation at Aguasca-lientes to supply its assembly plant, where its Violet and Silva cars and small pickup truck are

Although Nissan is able to export the trucks to Latin America, the continent's economic problems have affected sales. In Mexico, inflation, unemployment and the balance-of-payments deficit have forced austerity measures

economy improves, Nissan will be ready.
In Europe, Nissan has launched a joint venture with Alfa Romeo to build bodies for a new car, Called ARNA, the new company is building Nissan Cherry bodies in which Alfa Romeo

installs engines and transmissions. Volume is 60,000 units a year. In the Far East, Nissan is strengthening links with its licensee in Taiwan, Yue Loong Motors. Currently, Yue Loong is the biggest car producer in Taiwan, ahead of Ford. But Toyota

Motors Corp. has reached agreement with Chinese business interests to produce more than 200,000 cars annually. Thus, Toyota seems intent on obtaining a significant market share in Taiwan. In addition, it will export cars built there to other markets.

To counter that move, Nissan is trying to buy a stake in Yue Loong, and has increased the amount of technical assistance it gives.

At home, Nissan is due to start producing the (Continued on Following Page)

Export Boom Fuels Recovery; **Demand Lags**

By Gregory Clark

TOKYO — Japan's three-year recession is officially over, but no one is really celebrating. The recovery is almost entirely led by exports, and while this means good business for some, it will almost inevitably be followed by renewed foreign criticism and pressure to cut back on the

To avoid this, Japan needs urgently to stimulate its domestic economy But this is difficult for a variety of reasons. Among them: Any lowering of interest rates to stimulate investment generally would increase capital outflow and weaken theyen further against the U.S. dollar, and any effort to increase public spending would fuel an already large deficit.

At present, the domestic economy is showing mixed signals. On the one hand, housing starts and consumer spending remain flat and manufactur-

ing investment has been only slightly affected by the export boom.

On the other hand, in recent months the mining and manufacturing index has begun to move upward and the index of leading indicators has moved above the 50-percent level (in other words, more than half the various indicators of future economic activity have turned upward).

But the overall economy remains slack. One way of increasing demand might be to expand government spending. But there have been forecasts that the deficit this year will reach \$60 billion, or 26 percent of the total budget. The government has, promised both to reduce the deficit and to reduce direct taxation. These-steps would make it very difficult to consider any large increase in

What to do? Three different views have been advanced

In the first, the Economic Planning Agency of the Ministry of International Trade and Industry notes the potential consequence of failing to, expand the domestic economy: a growth in friction with foreign trade partners. But it is deliberately vague on how expansion can be achieved.

As the United States and other world economies recover, Japan's exports increase. But its imports remain stationary, or even decrease, as: oil prices fall. The expected trade surplus this year is put at \$30 billion to, \$35 billion, far more than official estimates earlier this year.

Even allowing for invisibles, the surplus is likely to go to well over \$20. billion, against \$9 billion last year.

An expansion of the domestic economy would reduce the pressure toexport and would increase imports, the ministry says. Although the anning agency is not specific on measures to be taken, it does point out, that much of the slump in domestic demand is attributable to the housing logiam. More and better houses would release a flood of new consumer, spending on everything from second cars to Western-style furniture.

But to do this, the agency says, Japan would have to revise completely the land policies that artificially raise the price of land and so depress; housing starts. Few analysts expect early movement in this direction.

The second suggestion, from the Finance Ministry, involves rigorous;

cutbacks in government spending and a resulting natural increase in domestic private investment as government borrowing declines and the availability of money increases. The Finance Ministry would also like the politicians to go back on their promises to cut taxes.

The third proposal comes from big business, as represented by the Keidanren, the Federation of Japanese Economic Organizations. The Keidanren calls for a deliberate program of private investment in major projects; in effect the businessmen would take over from the government.

(Continued on Page 14S)

Venture Capital Becomes an Industry

Special to the IHT

TOKYO - If an international venture capitalist is looking for a promising investment in Japan, there is a flourishing industry that meets the bill. It is new, popular, and generally an industry of small companies. It is an ideas business. It is relatively risky, but not impossibly hazardous. It promises healthy long-term returns. It has a big appetite for equity capital. There is still room to get in on the ground floor. It has the official backing of the Ministry of International Trade and Industry. And it is something that a venture capitalist knows a little about already.

It is the venture capital industry. In August alone, three venture capital organi-

zations were formed.

At the beginning of the month, the nation's cond-largest bank, Fuji Bank, set up Fuji Investment. Capitalized at 450 million yen, Puji

on Fuji Bank. Fuji Investment will provide financial services to venture businesses.

In mid-August, Orient Leasing announced that it was setting up a venture capital manage-ment company with British, U.S. and Japanese shareholders. Orient Leasing will own 40 per-cent of the new company, which will be called Orient Capital. The British merchant bank Baring Brothers will have 20 percent, and a San Francisco-based venture capital firm, Hambrecht and Quist, will have a further 20 percent. Four Japanese companies — Sanwa Bank, Daiwa Securities, Daiwa Securities Research Institute, and Dai-Ichi Mutual Life Insurance -will have 5 percent each. The new company is initially capitalized at 300 million yen and expects to start operations in October.

Later in August, Dai-Ichi Securities an-ounced that it would accept venture capital investments beginning in October. The broker-age house, one of Japan's small securities firms, has close ties with the Long-Term Credit Bank Investment has as shareholders Fuji Bank, a of Japan, which will be one of the shareholders closely associated trust bank, Yasuda Trust & in the firm's new vehicle, Dai-Ichi Capital. This Banking, and a number of other companies in newest entrant to the venture capital field will the Fuyo group, the industrial group centered start with a capital of 200 million yen.

The three newcomers are joining the most fashionable area of corporate finance in Japan. In the last year, the venture capital business has seen a rapid growth in the volume of funds committed and in the variety of vehicles created. According to one recent estimate, about \$300

million has been invested in the sector. The industry leader is Japan Associated Finance, which has a capital of one billion year and which has invested in about 100 companies. Japan Associated Finance's main sharcholders are Nomura Securities and Nippon Life Insurance. Nippon Investment and Finance Co., backed by Daiwa Securities and the Long-Term Credit Bank of Japan, is equal in capital to Japan Associated Finance, but behind in invest-

Japan Associated Finance was set up in April 1973, one of a number of companies establi in the first flush of enthusiasm for venture capitalism. That enthusiasm was based on the rapid growth of the world economy in 1972 and the first half of 1973, and on Japan's performance as the fastest growing of the industrial-

(Continued on Following Page)

INSIDE

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• The rising proportion of retired persons strains the government's pension programs. A nation that depends on television. Page 10S.

 Rising fuel costs, water pollution and declining stocks barm the fishing industry. The agriculture sector remains mefficient despite strong government support. Page 12S.

High-technology: Leads have been established in several fields; the race for supercomputers is heating up. Page

Currency speculation: How long will the bandwagon roll on? Page 14S.

The stock market: A record for foreign participation.

• The national debt: Concern is voiced as the deficit reaches 100 trillion yen. Page 16S.

 Personal savings reach a record 80 trillion yen. Investment in production facilities overseas by Japanese manufac-turers is beginning to pay off. Page 17S.

BASIC DATA

AREA: 377,000 square kilometers. Population: 118,693,000. Largest cities: Tokyo (population: 8,350,000), Yokohama (2,770,000), Osaka (2,650,000), : Nagoya (2,090,000) and Kyoto (1,470,000).

PRODUCTION — Gross National Product in 1982: 251.26 trillion yen. Growth, 1976-1982 average annual rate: 4.5 percent. Gross fixed investment in 1982: 31.1 percent of GNP. Public consumption in 1981: 10.2 percent of GNP. Current public revenue in 1981: 29.4 percent of GNP.

FOREIGN TRADE AND PAYMENTS - (In millions of 1982 U.S. dollars) Commodity exports (FOB): 137,663. Commodity imports (FOB): 119,584. Exports of goods and services: 16.6 percent of GNP. Imports of goods and services 16.0 percent of GNP.

INDUSTRY - Japan's industrial equipment, in 1979, numbered 739,304 plants that employed 10.86 million production workers. Since 1920 there has been a shift from light to heavy industries with the production of electrical appliances and electronic machinery registered the greatest strides. Television sets in 1980: 16.3 million, radio sets (1980): 17 million, cameras (1980): 14 million.

NATIONAL BUDGET - Ordinary revenue and expenditure for the fiscal year ending March 31, 1983. balanced at 46.68 billion yen.

TOURISM - In 1980, 1,316,600 foreigners visited Japan, 319,000 of whom came from the United States, and 90,900 from Britain. Japanese traveling abroad totaled 4.006,388 in 1981.

MONETARY UNIT: The yen is circulated in coins of 1, 5, 10, 50 and 100 as well as bank notes of 100, 500, 1,000, 5,000 and 10,000. \$1 = 245.0 yen (on

The Price of Success

The paradox is that, just as Japanese are recognized as being more successful, they find themselves not more liked but less liked by the rest of the world.'

By Ezra F. Vogel CAMBRIDGE, Massachusetts — II Westerners talked of abocks as Japanese do, we would have recorded since 1979 the "three big Japanese success

 Lower-price quality automobiles. It was one thing for Japanese to do well in small things like cameras, watches, radios and hi-fi, but who would have thought of automobiles? It was not the high quality, for other countries can match quality. It was the realization that Japanese could produce cars at \$1,500 to \$2,000 cheaper than other countries and that other countries

have trouble seeing how to bridge the cost gap. 64K RAM memory chips. It was bad enough for Japanese to lead the world in shipbuilding, steel and antomobiles, but who would have thought computer components? By 1982 Japan had captured 70 percent of the world's 64K RAM market and was poised to beat competitors in the 256K RAM market as well.

• The fifth-generation computer project. The international conference in the fall of 1981 to announce the launching of the fifth-generation computer project revealed to the world that Japan planned to lead the world in high technology. Western reactions to the shocks are a peculiar

mixture of belief in almost inhuman Japanese capacity

and doubts about the success. On the one hand, Japanese are seen to be almost unbeatable at any competitive economic effort they put their minds to. On the other hand, many Westerners want to believe that the Japanese succeeded unfairly, by stealing secrets, allowing internal cartels and unfair subsidies, unfairly protecting their markets. How else could they have gotten ahead? These Westerners want to believe that the price of success is too high: tiny apartments, low standard of living worksholic lifestyle, lack of fun, enslavement of youth studying for exams. They want to believe that Japan is about to be caught in the same problems as the West: aging population, leisure-loving youth, decadence, la-ziness, the end of the permanent employment system. Having just spent a sabbatical year roaming around Japanese factories, mines, offices and research labs, I must report that the demise of Japanese success has

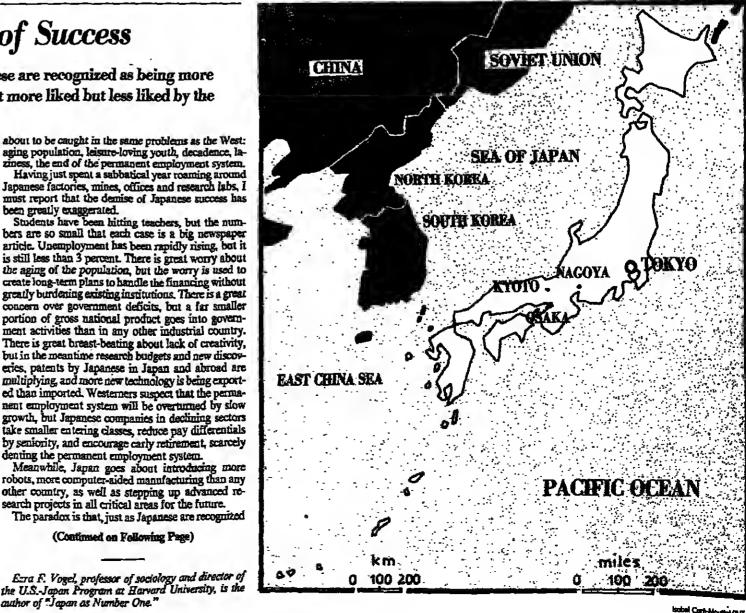
been greatly exaggerated.

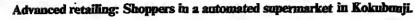
Students have been hitting teachers, but the numbers are so small that each case is a big newspaper article. Unemployment has been rapidly rising, but it is still less than 3 percent. There is great worry about the aging of the population, but the worry is used to create long-term plans to handle the financing without greatly burdening existing institutions. There is a great concern over government deficits, but a far smaller portion of gross national product goes into govern-ment activities than in any other industrial country. There is great breast-beating about lack of creativity, but in the meantime research budgets and new discoveries, patents by Japanese in Japan and abroad are multiplying, and more new technology is being exported than imported. Westerners suspect that the permanent employment system will be overturned by slow growth, but Japanese companies in declining sectors

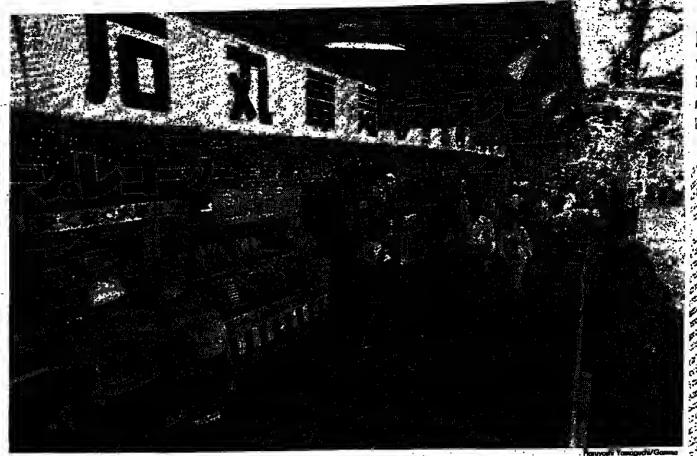
denting the permanent employment system. Meanwhile, Japan goes about introducing more robots, more computer-aided manufacturing than any other country, as well as stepping up advanced re-search projects in all critical areas for the future.

The paradox is that, just as Japanese are recognized (Continued on Following Page)

Ezra F. Vogel, professor of sociology and director of the U.S.-Japan Program at Harvard University, is the author of "Japan as Number One."







The world's largest electrical appliance flea market at Akihabara rang up sales of \$1.5 billion last year.

Venture Capital Investment in High-Technology Companies Becomes Industry

(Continued From Preceding Page) ized economies. It was a rationale that did not survive 1973 and the first international oil price shock. companies were forced to close when the companies they had nurtured failed.

Nippon Investment and Finance Co., on the other hand, is the largest of the new group of venture capital companies (it was started in

The new companies look to the potential of Japan's high technol-ogy industries, especially its electronics firms, and to products that have been invented or refined in

cations and broadcasting equip-ment, consumer electronic goods, new applications for ceramics and plastics, new materials such as carbon fiber, and various biotechnology applications ranging from genetic engineering to interferon

The venture capital companies have come up with a variety of ways to attract money to the high technology companies. Japan Associated Finance pioneered the idea of venture funds, which are fixed partnerships in which the investors reap the benefits of backing

science or medicine, computer has set up four funds, one of which hardware and software, communispecializes in small companies, and cations and broadcasting equiphas garnered about 12.5 billion yen. Roughly half of the partnerships' funds have come from overseas in-This year, the French bank Pari-

bas set up a venture capital fund in Hong Kong, Called Paribas Ven-Japan, it will be used to invest in promising Japanese companies with the assistance of Japan Associated Finance, which has signed a consultancy contract to advise Paribas on its investments.

also promises to bring new expertise and techniques based on the the last few years — diagnostic and companies that Japan Associated experience of its foreign sharehold-calibration equipment for industry. Finance finds. So far, the company ers. Orient Capital will be learning

the business from experts, much as
Orient Leasing itself started 20
years ago, by sending young executives to study leasing in the United (there were virtually no instances at up in 19
all as recently as 1981).

"Therein lies some concern loans.

about where the current boom is business.

There is no shortage of risk funds

in Japan. In addition to the domestie venture capitalists, there is a growing influx of foreign risk capi-tal. Ministry of Finance statistics show that foreign venture capital rose to a peak in March of this year, when ministry figures show 46 cases of investment in Japanese companies equity. The latest fig-ures, for May, show 30 cases of investment, down from the peak level in March but still substantial

going," said a recent editorial in the business as of venture capital."

That assessment is probably too harsh. There is much the same demand for financial backing of new firms began to invest in Japan market ideas in Japan as anywhere around August 1982, and inflows else. And if some MITI statistics are any clue, Japan's new businessmen are as skilled as their counterparts overseas in using the new supply of capital to get their enterprises into production. The ministry has an affiliate, the Venture Enterprise Center, it was set

NEC is the title sponsor of the Davis Cup and Federation Cup worldwide.

ses have difficulty in raising commercial bank loans, especially Japan Economic Journal "This is in Japan, where the principle of not so much a boom of venture secured lending against collateral is

> The center's statistics show that, of the 192 guarantees that MITI has extended, the ministry has had to pay up on only 16. According to the center's assessment of the statistics, 16 defaults is relatively high, and ministry officials seem to think that the default rate shows a lack of management ability on the part of the new firms. In fact, by interna-tional standards, a default rate of under 10 percent is surprisingly low, given the riskiness of the ventures and the generally difficult trading conditions of the last few

on a venture basis or whether the on occasion, backers have pre-

loans. By definition, new risky and securities houses' conventional commercial funding. Nobody expects the new venture

the business in order to spot profitstill the norm rather than the ex- able companies before their competitors, to nurse them to commercial operations, and to corner the market in providing them with financial services once they are via-ble entities. For the securities houses, the biggest incentive is to get the mandate to list the new company on the Tokyo Stock Exchange. Recent new issues have been spectacularly profitable. If, along the way to commercial operations and public listing, there are in the corporate undergrowth by social benefits like more jobs, betmanufacturing markets, so much the better, but they are incidental to making a profit.

There has been criticism of one have grown because of venture capaspect of the venture capital com- ital backing have complained that panies' activities - that is whether their backers have been too quick ital business seems ready to offer they are truly interested in lending to seek a short-term profit and that, opportunities for some years to

(there were virtually no instances at all as recently as 1981).

up in 1975, and it helps new business leading and financing vehicles ferred to see a company run strictly nesses by guaranteeing their bank are merely a repackaging of banks' to yield dividends rather than as management preferred. And there seems to be a general preference on the part of the venture capital firms backers to be altruistic. They are in to stick with the least risky, quickest maturing ideas, especially in electronics. Naturally, backers like to have some near-certainties on their books to pay for the failures or the projects that need long research. But there is a feeling that

truly risky projects still do not get

serious attention, even from the

firms that are meant to be good at

assessing them.

If that is true, then there are lots investors willing to stake and lose ter products and more competitive risk capital. If it is not true, and Japan's venture funds are bankrolling only the soundest of small businesses, then some of the venture : Nevertheless, companies that partnerships seem set to declare : -generous dividends on their investments. Either way, the venture cap-





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Automobiles jam the Ginza in central Tokyo.

Automakers Expand Production Abroad

(Continued From Preceding Page)

Volkswagen Santana this fall, in an agreement that will bring a Europe-an car to the Japanese public at a

Toyota, meanwhile, has strengthened its position in the Japanese market with the introduction of the new Corolla and Sprinter models. Sales in this huge range are already affecting such competi-tors as Nissan.

Toyo Kogyo Corp., which is 25-percent owned by Ford, is getting much closer than in the past to its U.S. partner, and the two companies have just set up a joint project to build cars in Mexico. Toyo Ko-gyo is already supplying its 323 and 626 models to Ford for sale under the Ford brand name in countries such as Australia, Taiwan and Hong Kong.

Toyo Kogyo itself, meanwhile, is anching out into South Korea. It has taken an 8-percent stake in Kia Industrial Co., which builds Mazda

strengthened its position in South Korea, by taking a 10-percent stake in the Hyundai Group. There are plans for Hyundai to produce a new Mitsubishi front-wheel drive sedan in the 1.5-liter class within a

few years.
Mitsubishi has also assured itself a future in Malaysia. It has reached an agreement to provide the technology for an auto to be produced as the "Malaysian National Car." Honda Motor Co., meanwhile, is

concentrating mainly on the Unit-ed States and Europe. In addition to building Accord sedans in the United States, it has signed a deal with British Leyland for the joint development of a high-quality sedan due to go into production in 1985. Called XX, the project will also result in a car that will be also result in a car that will be In theory, Isuzu would send mass-produced in Japan and Brit- 200,000 cars a year to GM. But the ain. It would compete with cars such as the Audi 100, the Pengeot 605, and some BMWs and Mer-

cedes-Benz models. Isuzu Motors, one of the smaller Japanese auto companies, has also United States instead

Mitsubishi Motors has also been widening its horizons. In contrangthened its position in South junction with General Motors Corp., which owns 34 percent of the company, Isuzu has set up a company in Egypt to produce 18,000 trucks a year starting in

Next year it will start to supply GM's British subsidiary, Vauchall Motors, with kits for the Fargo van for assembly in Britain. Isuzn is also involved in GM's so-called "world truck" project, which in-volves the production of a range of vehicles that can be produced in

GM plants worldwide. Perhaps the most important deal for Isuzu is its agreement to supply GM with the "R-Car," a 1.3- to 1.5-liter hatchback that will be sold in the United States beginning in

agreement has been compromised by the self-restraint policy. If that policy continues, as seems likely, isuzu will be unable to export the R-Car, and GM may build it in the

The Price of Success: Japan's Paradox

ed From Preceding Page)

as being more successful, they find themselves not more liked but less liked by the rest of the world. Having done what they thought would win them respect, they find only

In part, of course, this is because the rest of the industrialized world is coping with Japanese success on top of its own problems — the post-Keynesian society, unemployment and de-industrialization. But it is also in part because of the larrow nationalism of the largenarrow nationalism of the Japa-nese. As Prof. Masao Maruyama has said, the Japanese have no value system that goes above loyalty

the group. They have accepted assumptions about what is good for Japan, and no one can persuade they cannot believe that their public that the good of Japan does not have the same meaning to foreigners, and they cannot be a same meaning to foreigners. them to the contrary.

Japanese still widely believe that it is all right to buy advanced ma-chines they cannot produce, but once they can produce them, it is no longer necessary to buy foreign machines, regardless of market competitiveness. It may be that Hitachi stole IBM secrets, but in Japanese eyes it is not Hitachi that is bad, but IBM and the U.S. govnent for setting a trap.

Unfortunately, the Japanese are now aware that what they accept as cess, and it would do well to pre so obviously correct since it is for pare for lots more of it.

he relations campaigns to try to sell the correctness of their trade prac-tices are backfiring. The most hopeful sign in Japan is that many leading Japanese who formerly thought only of how to make Japan more successful are realizing that Japanese success depends on world success, and they are beginning to think energetically about how to keep the world successful. In the meantime, the rest of the world must think how to cope constructively with Japanese constructive with the constructive w tively with Japanese industrial suc-

9th



JAPAN

Two Views on the Trade Issue

JAPAN: 'Japanese imports from the United States doubled in value from 1974 to 1981, at the same rate as its exports to the United States. The year 1979 recorded a 36-percent increase in imports from the United States, while Japanese exports to the United States during the same year were only up 9 percent.'

By Moriyuki Motono

NEW YORK -Last year we often heard alarming comments from Washington that the 1982 trade delicif with Japan would surpass the 1981 figure of \$18 billion and would reach \$20 billion or even \$25 billion. (As it turned out, the 1982 deficit was held to \$19

Expressions proclaiming "the Japanese market is closed" and that there is "Japanese manipulation of the currency rate" along with suggestions that "U.S. Japan trade is a one-way street" have become common in some press reports and have provoked indignation and, even emotional outpursts of anti-Japanese

I believe that the following questions concerning apanese trade and economic relations require attenion and reflection.

• Is the "chronic Japanese trade surplus" a problem

for world liquidity?

The structure of Japan's balance of payments has greatly changed in recent years. Constant surplus in its trade account is seen to run parallel to an increasing deficit in its invisible trade and long-term capital accounts. Extensive tourist activities (an average of four million foreign tourists have visited Japan annually since 1979) and increased payment for shipping, insurance and interest, which has accrued from predominantly American investment, have doubled the deficit in the invisible balance of payment since the late 1970s. This deficit has been running on the order of \$12 billion in recent years.

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Japan has also become, since the late 1970s, a leading net exporter of capital. The liberalization of foreign exchange introduced in December of 1980 marked a dramatic trend in the outflow of capital accelerated by high interest rates in the United States. The fact that the first seven months of 1982 recorded a deficit of \$12 billion in the long-term capital account contributed to the depreciation of the yen. These new trends altered the balance of payment structure, bringing the current and basic balance into equilibrium if not deficit. Since 1974, only the three years from 1976 to 1978 recorded a surplus in the overall balance. In fiscal 1978, even where an ample trade surplus of nearly \$20 billion was recorded, the overall balance showed a deficit. Japan cannot be categorized as a chronic surplus country.

• Is Japan attempting to manipulate the market to

keep a low yen rate?

It should be known that the yen depreciated no more than major European currencies against the dollar, and that there is no way for the Japanese government to manipulate the yen rate even if there were such a desire on its part. The massive monetary flow involved makes futile any such single-handed attempt at intervention.

After reaching its bottom of some 278 yea to the ರಾವರ ಬಿಡ್ ಉಡುತ್ತೇ ಕ Partnerstot schools. dollar in November 1982, the yea has gradually recov-

> Since the first oil crisis of 1973, Japanese industries have adjusted their price structure to be competitive at a higher yen rate. It is clearly understood that the Japanese economy, relying on imported energy and raw materials, needs a stronger and stabler yen rate ing New York earlier this year to return to Japan.

and that a depreciated yen is not desirable as it may trigger protectionism in a world where trade is already

contracting with a world recession. We can expect that the yen will gradually

● Will the U.S. trade deficit with Japan continue to widen? (The deficit in 1981 was \$18 billion and despite expectations that it would reach \$20 billion in 1982 it

was held to \$19 billion.) The \$5.9-billion increase in the deficit of 1981 over 1980 was composed of about \$1.3 billion representing a decline in Japanese imports of industrial raw materials such as coal and lumber, due to the downward trend of Japan's industrial production. Also, there was approximately a \$4.3-billion increase in U.S. imports

In 1982, the trend was toward stagnation or even decline in the export of key items such as automobiles, steel products and video recorders, while the export of a variety of products such as office equipment, semiconductors and widely diversified articles, including kerosene heaters, has increased. An undervalued yen improving price competitiveness, may have influenced the increased export of miscellaneous articles; however, it apparently did not affect the key export area. On a global basis, Japanese monthly exports have shown a decrease from exports for the same months of the preceding year since February 1982.

Japanese customs clearance statistics indicate that in the 12 months from January through December 1982 Japan's total exports to the United States registered a decline of more than 5.9 percent over the same

The most dramatic reduction was witnessed in the steel industry, where exports decreased by 25 percent dollar value. This was due mainly to reduced demand for steel pipes, resulting from the downward trend in oil drilling in the United States. Japanese steel exporters, who sought to keep a price level reflecting a fair value, found themselves rapidly losing their sales in the face of fierce competition from European and Third World exporters and price entting from U.S. mills. In addition, imports of video tape recording equipment and other tape recording equipment dropped by 13.6 percent. Saturation is rapidly reached in a market with a weak consumer demand.

Is this downward trend in key export items likely to continue in 1983? Whether or not there will be a continued increase in diversified exports depends upon the yen rate and the strength of recovery in the United States. On the other hand, it is hoped that the recovery in Japan may pick up in such a way as to stimulate demand for imports and thus reduce the

 Is the Japanese market a closed market discrimi-(Continued on Page 16S)

The author is the Japanese vice minister of foreign affairs and was director-general of the Foreign Ministry's Economic Affairs Bureau before becoming ambassador to Morocco and later Japanese consul-general in New York City. He wrote the following article as a farewell letter to American business friends before leav-

UNITED STATES: Anecdotes abound concerning American businessmen whose products, once they began to succeed in the Japanese market, were hindered or denied entry under the lot approval system. There is no question that the lot inspection system has a chilling effect on exporters to Japan.

By David R. Macdonald WASHINGTON - Any discussion of trade with the Japanese begins, as it must, with contrasting perceptions that Japanese govern-ment officials and their U.S. counterparts have regarding each oth-

er's trade policies. As Sue Schwab, trade specialist for Senator John C. Danforth, Republican of Missouri, said, the Japanese look at the United States and particularly Congress - as a powerful and unreasonable group of politicians who, not understanding Japan, make it a scapegoat for domestic economic problems aris-ing from America's bout with "advanced country" disease.

Many government officials in the United States, on the other hand, perceive Japan as a manipulator of the tools of industrial and fiscal policy to gain an edge in export competitiveness, and as a utilizer of government-sanctioned cartels, subtle regulatory requirements and not-so-subtle quotas to avoid competition in its home mar-

Neither view is accurate, but each contains a kernel of truth. Any disinterested observer could hardly blame Japan for the increased difficulties that the United States is encountering as it competes in world markets.

Besides our monetary policy, there are two broad areas of U.S. government policy that have re-pressed U.S. competitiveness. First, there is the intentional U.S. policy of attempting to apply our laws extraterritorially, whether in the form of a foreign corrupt practices act, anti-boycott legislation, antitrust restraints on U.S. corporations operating abroad, attempted prohibitions against exporting freely available products to Comecon countries or taxation of U.S. export profits earned abroad.

Secondly, there is the unintenturing industries of access to capital, through inflation, taxation and inadequate depreciation allowances. The success of the United States in international competition over the oext 10 years will probably be more dependent on the ability of our companies to gain access to States based either upon self-certicapital (both human and mone-fication of compliance with U.S.

Whenever these difficulties are acknowledged in trade discussions with the Japanese, however, their response is to heave a sigh of relief and say, "Ah, I'm glad that you finally understand your problem." At this point, we on the U.S. side have to remind our Japanese colleagues that just because the United States has problems of its own does not mean that the Japanese do not have problems in living up to their international trade commitments. Because, despite these ob-stacles that the United States has erected in front of its own exporters, a great number of those exporters have ingeniously hurdled them and have developed premier products successful everywhere in the world except in the Japanese market itself. To understand why, it is occessary to examine the mundane problems of exporting to Japan problems that the Japanese politi-

Historically, Japan has imported products pursuant to a "lot inspection" system, whereby each ship-ment of imports is subject to approval on the docks, not only by the Japanese customs inspectors. who check the valuation and classification of the product, but more important, by the government ency, such as the Ministry of Health and Welfare, which determines whether government stan-dards applicable to the product have been met. Until recently, it was not always possible to know exactly what those standards were. Standards were subject to change without notice, and foreign partici-

cal leadership is now addressing.

ship in agencies setting standards. Uotil the product lot receives a favorable ruling from the relevant ministry, the process of clearing customs cannot even be started. Thus, aithough the customs processes imports almost as fast as the tional U.S. policy over the last 15 or U.S. Customs Service, the differ-20 years of starving our manufacence is that an exporter to Japan may require 60 days or more to obtain product approval before In cootrast to this painful and costly import process, the Japanese exporter generally is able to ship manufactured goods to the United

pants were excluded from member-

tary) at reasonable cost than on any standards or certification of the product by an independent testing product by an independent testing company. Thus, \$14 billion in Jap-anese cars are shipped to the Unit-ed States on the basis of self-certification with U.S. standards (except for systems monitored by the Environmental Protectioo Agency), while all U.S. exports are subject to individual lot inspection. The unfairness felt by American exporters over these divergent procedures is exarcerbated by the fact that the Japanese government certifies Japanese factories producing for the Japanese market without subjecting each batch to a testing proce-

Anecdotes abound concerning American businessmen whose products, once they began to succeed in the Japanese market, were hindered or denied entry under the lot approval system. Many are undoubtedly apocryphal, but there is no question that the very nature of a lot inspection system of import approval has a "chilling effect" upon an exporter to Japan who desires to make the required investment in market analysis, advertising distribution and sales followup. It adds real risk to the front-end costs that must accompany any

successful foreign marketing effort. This somewhat laborious explanation of the contrasting import procedures of Japan and most of its trading partners is necessary to understand the debate over whether the Japanese market is closed. Unless detail is supplied, the Japanese allegations that Japan's market is

On March 24, 1983, the government of Japan announced that, af- Japan by, for example, Underwritter reviewing its import methods and procedures, it had decided to the Japanese government, Japan amend 18 different laws relating to will have taken a major step to the method by which foreign goods are imported into Japan. This comprehensive "restructuring" of Japanese import laws is a most impressive display of courage by the elected officials in Japan, from Prime Minister Yasuhiro Nakasone on down. The government of Japan is in the process of drafting and adopting regulations to implement the new legislation.

If the Japanese create a system whereby a U.S. company can, for example, obtain one-time certifica- memorandum from a Japanese tion of its product for export to government official of the Tobacco



A worker at the Honda factory.

ers Laboratories acting on behalf of will have taken a major step to quiet foreign criticism of its trade policies. If, on the other hand, the Japanese effort merely results in. increasing the speed of the lot inspection system, the criticism of Japan as essentially a protectionist country will not cease. There is simply too much opportunity for abuse of the present Japanese system at the hands of those who administer it - middle- and low-level career officials. The attitude of some of these officials is typified by a recent

Corporation advising his staff how to limit sales of American cigarettes in Japan by removing pointof-sale advertising and excluding American cigarettes from Japanese vending machines.

In agriculture, the Japanese defend their quotas on 22 classes of products by correctly pointing out that the United States itself has defense mechanisms against unwanted agricultural imports. (Continued on Page 16S)

The author, a former deputy U.S. trade representative, is a partner in the law firm of Baker & McKenzie in



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TOKYO — Behind its facade of prosperity, Japan faces a growing problem: Its population is aging at a faster rate than that of any other industrialized society, while government pension programs threaten to prove inadequate to

support the retired and elderly.

The Japanese worker who has reached the age of 60 currently receives about 108,000 yen (\$450) a month from government pension programs, or roughly the equivalent of 44 percent of his paycheck, provided that he has made his monthly payments into the system for 24 years.

Pension recipients under the government's two major programs total more than 16 million. The number of recipients under the Welfare Pension Fund — to which salaried workers belong — is expected to increase sixfold by the year 2025, and the number collecting from the National Pension Fund — covering self-employed workers and housewives - is expected

to grow 1.6 times.
On the other hand, the number of Japanese 1972, officials said.

percent of the population of 118 million. This spite special laws requiring at least 6 percent of ratio is expected to reach 15.6 percent by the a company's work force to be over 55, almost year 2000, which will raise government welfare half of all firms surveyed by the Labor Ministry costs to 23 percent of the national income by that year. By 2025, the over-60 population is expected to represent 21.3 percent of all Japa-percentage is 5.4 percent.

totaled 24.6 trillion yen, representing 12.7 per-cent of the national income. Thus, in another 17 employment after 60 and voluntary employment after 65. years, the percentage will almost double. Welmuch higher rate, taking into account the level of the national income in 2000.

greater economic independence. As the traditional values requiring sons to look after their parents were discarded after World War II, the

The government's current pension systems were instituted in 1954 as Japan approached a period of high economic growth, when the population was younger and welfare resources were more by 2025. The number of households by ulation was younger and welfare resources were abundant. Now, in an era of slow growth stemming from the first oil crisis of 1973, the government has been forced to resort to deficit-financ-

ing bonds to cover the gap between increasing expenditures and lower revenues. And with deficit-covering bonds accounting for more than 30 percent of the national budget, drastic measures have been called for.

The Welfare Ministry has under study plans to reduce the limit on the annuity a worker can receive to 60 percent of his average income. As the system stands, workers would soon be entitled to receive more than 80 percent.

Another proposal the government is pushing is an extension of the retirement age. The tradi-tional pattern of retirement at 55 remains strong despite the fact that Japanese today have one of On the other hand, the number of Japanese paying into these funds will grow at a much slower rate as the percentage of elderly in the population rises and the population increase itself continues to slow after reaching a peak in 1972, officials said.

972, officials said.

Only 40 percent of Japan's larger companies

Japanese above the age of 60 account for 9.6 have extended their retirement age to 60. De-

The government's goal, perhaps too optimis-The Welfare Ministry's latest white paper tic, is to make 60 the accepted retirement age reports that welfare spending in fiscal 1980 throughout Japan by 1990, with provisions for

Elderly Japanese are themselves seeking greater economic independence. As the tradi-

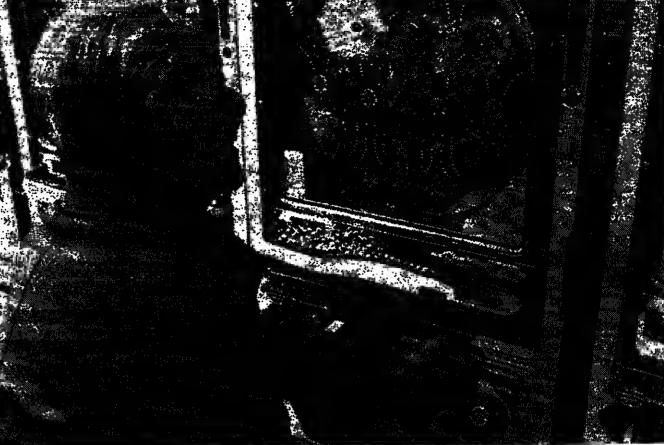
that year is estimated to reach 46.8 million, against 36 million today. Yet, the number of elderly who live alone is expected to increase to 6.5 million, or 7.5 times the current number.

A recent poli by the Prime Minister's Office indicated that 67 percent of Japan's elderly are apprehensive about whether their welfare and dical needs would be adequately met in the

For the average salaried worker, his goal is to be able to complete the payments on his house and provide for the weddings of his children before be retires, which in his mind still means 55. After retirement, the fortunate will be given jobs for a few years at subsidiaries at a fraction of their pre-retirement pay before joining the rest of the nation's retired workers to live off the interest on their hump-sum retirement allowances (which average \$ 43,000) and the goverment's pension payments.

Some of the bigger firms have begun paying retirement allowances on a monthly basis rather than under the traditional lump-sum formula to help themselves as well as employees unaccustomed to the temptations of such a large sum of

By the definition of the United Nations, a nation's population is aged when the elderly account for 7 percent or more of the total. Japan passed this mark in 1970. Other industrialized nations reached this point between the latter half of the 19th and first half of the 20th centuries. From 7 percent to 14 percent, it took them from 45 to 105 years, compared to Japan, which will reach 14 percent by 1996, or in just 26 years. No industrial country has experienced



An elderly man plays the popular game Packincho.

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A Nation of 30 Million Television Sets

By Rod O'Brien

TOKYO - The flashback to the day when Japan had only 885 television sets seems almost surreal. It was Feb. 1, 1953, when the set made its debut. Pedestrians spilled dangerously into traffic, which had to be redirected away from shop fronts.

Today, there are more than 30 million sets often two, even three to a home. Moreover, export waves of the latest models have been so strong that some people may have difficulty believing that television was not a Japanese

Thirty years ago, RCA was marketing blackand-white sets in Japan for an exorbitant 216,000 yen (\$600 at the time). Business at that stage for both distributors and broadcasters looked quite risky. However, fears quickly evap-

orated, and within 10 years 85 percent of the nation was covered by television networks. Today, Japan has the 1.5-inch screen by Matsushita, It weighs 600 grams (21 ounces) and is sold for 90,000 yen (\$370.37). Even more recent is Mitsubishi's printer, which when plugged to a television screen will produce "hard copy" photographs within 15 seconds. The print will cost 360 yen, the television set 258,000 yen and the

printer 69,800 yen. High-definition television with double the scan lines is being planned — for screens that have not yet been marketed. This will be accomplished with a Japanese satellite to be launched next February. Signals from the Japan Broadcasting Corp. will then penetrate mountainous terrain that so far has kept 420,000 households pictorially in the shade.

Pay-meter sets have been installed in some taxis. At contemporary theaters presenting edit- three hours 0.1 minute this year.

point of living-room space. There is a feeling, too, that it has caused desolation of the min and created autism among families, as well as having become more of a companion to children

than their "workaholic" parents.
It is also believed to have helped transform the dark, postwar mood of a defeated Japan. Makoto Kitagawa, the programming board director at Nippon Television, Tokyo's most powerful commercial network, said: "It contributed oward the democratization of postwar women. Until television, women remained confined in a narrow world. But, no matter how primitive our television might have been, it started an information flow as well as entertainment and added

specially to education." It was also a strong advertising medium that introduced consumerism, stimulated demand and ultimately the economy. NTV's founder, Matsutaro Shoriki, had a vision about "resourceless" Japan, except for hands, capable of intricate mastery at speed. He believed these hands would have a role to play in building the

television industry —a concept that came true. Japan's television sales are so brisk it is estimated that the 1983 results may top the record 7.07 million units last year. The high-growth period for television profits from advertising, however, was 1976 to 1979. Today, there is almost no growth, reflecting the economic

Polls by the Japan Broadcasting Corp. show that audiences are becoming less interested in the screen. Daily viewing time has slipped from three hours and 23 minutes seven years ago, to

Television also has been held responsible for body expects audience interest to rise. The satu-displacing the small shinto shrine as the focal ration point arrived in step with economic ration point arrived in step with economic

> Women, particularly those working parttime, joined the labor force in greater numbers to contribute to the family income. They and their teen-age children are now less likely to watch television. Cultural centers and sports stadiums have also attracted both women and the young who want more activity and education in their leisure time.

For the first time Japan Broadcasting surveys are showing that viewers want less drama than before. In fact, all the networks are searching for formulas to regain both women and the younger generation. They find that quizz shows with audience participation and story-telling come-dians are attracting more interest.

"The situation has become more complex,

particularly in off-peak hours," Mr. Kitagawa at NTV said. He said that this year television stations faced even more competition because Japan has cable television "fever," with several projects under way.

Japan Broadcasting, funded mainly by viewer subscription, is not dependent on advertising revenue. Therefore, after discovering that most Japanese are in bed from 10:30 P.M., the station has put on the air a summary and analysis of the news at 9 P.M., Monday to Friday, as a kind of nightcap. This slot could take a very different kind of program that would easily win better ratiogs than the 15 percent or 16 percent the news program gets. For instance, a long-running period piece portraying the life of the first shogun, Leyasu Tokugawa, who died in 1616, has ratings of 20 percent every Sunday night. It is particularly favored by men in salaried ranks, ed sequences of Shakespeare or Greek tragedies, one has a distinct impression that the frame-by-frame clip of television has greatly influenced the production.

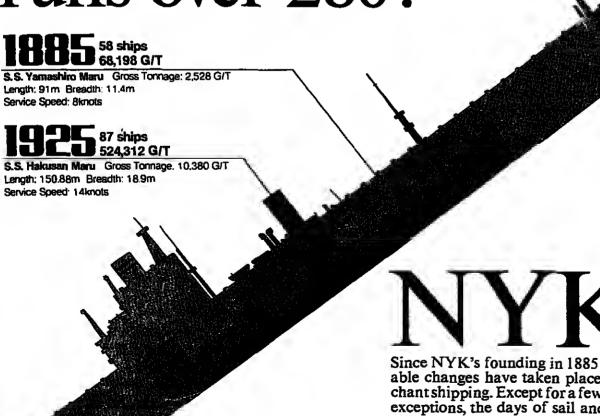
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Isawo Otsuka, assistant manager at Japan who are said to be unawn to the production because pageantry and power of leadership by Italian institute, said that the because pageantry and power of leadership by Italian institute, said that the because pageantry and power of leadership by Italian institute, said that the because pageantry and power of leadership by Italian institute, said that the because pageantry and power of leadership by Italian institute, said that the because pageantry and power of leadership by Italian institute, said that the because pageantry and power of leadership by Italian institute, said that the because pageantry and power of leadership by Italian institute, said that the because pageantry and power of leadership by Italian institute, said that the because pageantry and power of leadership by Italian institute, said that the because pageantry and power of leadership by Italian institute, said that the because pageantry and power of leadership by Italian institute, said that the because pageantry and power of leadership by Italian institute, said that the because pageantry and power of leadership by Italian institute, said that the because pageantry and power of leadership by Italian institute, said that the because pageantry and power of leadership by Italian institute, said that the because pageantry and power of leadership by Italian institute, said that the because pageantry and power of leadership by Italian institute, said that the because pageantry and power of leadership by Italian institute, said that the because pageantry and power of leadership by Italian institute, said that the because pageantry and powe

Which full service shipping company started out 98 years ago with 58 ships and today runs over 280?

ELECTRONIC MENU - A waiter in a Tokyo restaurant menu on small computer keyboards at each diner's place.

serves customers who have composed their own dinner The system has revolutionized service and accounting.



7,099,656 G/T

M.S. Kasuca Maru Gross Tonnage: 58,440 G/T

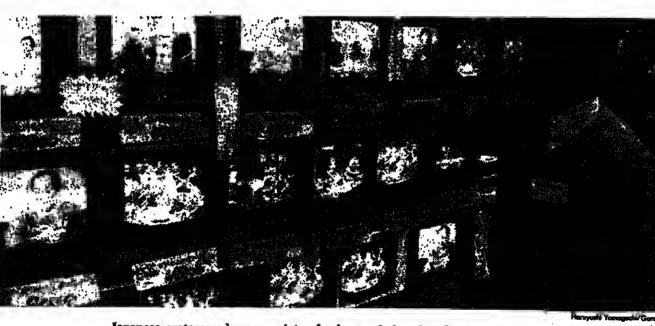
Length 289.499m Breadth, 32 2m

Service Speed: 23.25knots

Since NYK's founding in 1885 remarkable changes have taken place in merchant shipping. Except for a few notable exceptions, the days of sail and paddle steamers are over. Even in those early days though, NYK's founders saw the need for speed and efficiency in carry-ing cargoes to every corner of the world. Today, with over 280 vessels flying its flag, NYK still provides these essential services, with a modern fleet that is constantly being upgraded to meet the

most demanding customers.

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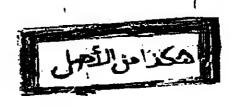
Japanese customers have a variety of prizes and sizes in television sets.

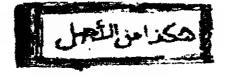


technology, urban and regional development projects in Japan. Foreign-owned companies, involved in projects consistent with JDB's policy, may also be eligible for loans.

Total Assets: US\$27,251 Million

(Rhein-Main-Center), Bockengesiner (1996) [DBF Rei: (0611) 724341 Rdex: 412946 [DBF Room 306, 71 Broadway, New York, N.Y. 10006, U.S.A. Tel: (2121 269-0527 Telex: 421054 KAKSIN Suite 600, 1019-19th St., N.W., Washington, D.C. 20036, U.S.A. Tel: (202) 331-8696 Telex: 440084





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THE NIKKO PERSPECTIVE

ON Japan is Focusing on High Technology

Haruo Nishio, Managing Director of The Nikko Research Center, Ltd., (NRC) provides a perspective on the Japanese focus on high technology, NRC is a research institute affiliated with Nikko Securities.

RECENTLY there has been much talk in Japan about the importance of developments in high-technology fields. Just what are these fields, how big are they and how tast are they projected to grow?

Nishio: The term high technology is being used extremely loosely. Many scientists use it to refer to the next generation of technologies, such as nuclear fusion, which will not be commercialized until the 21st century. For those of us in the investment field, however, its use is confined to those industries that are presently driving economic growth. They include electronics, mechatronics, biotechnology and new materials.

mechatronics, biotechnology and new materials. Without a good definition, the question of size becomes problematic. At Nikko Research Center we have estimated the size of seven product areas which fall under the high-technology rubric. They are consumer electronics, office automation equipment, mechatronics, communications systems, life sciences, semiconductors and new materials. In 1982 the total size of these industries in Japan was estimated at slightly more than V6,000 billion. Between 1982 and 1987 we project that the average annual growth for these markets will be approximately 19 percent. The range of forecasted growth rates is from 14 percent for life sciences to 32 percent for communications systems.

Another functional way of defining high technology from the investment perspective is to divide Japanese manufacturing companies into three groups: "gram," "kilo" and "ton" companies. The gram group includes many of the industries just mentioned. The kilo group encompasses the automobile, electrical appliance, textile and other industries that led much of the growth in Japan's industrial production during the 1970s. Finally, the ton group covers steel, shipbuilding, construction machinery and other heavy industries.

The trend over the past few years has been for investors to be willing to pay a higher multiple of earnings for the shares of the gram group, a trend justified by the outstanding performance of this group. Since the beginning of 1980, just after the second oil crisis, the average share price of a select group of stocks in the gram group has risen almost five times. During the same period, the kilo group increased over 2.5 times, while the ton group advanced only marginally.

JUST why has there been such a strong interest in high technology in Japan recently, and what are the longer-term factors encouraging this interest?

Nishio: The interest became apparent in the 1970s following the first oil crisis and with the realization that the fast economic growth of the 1960s was coming to an end. There have been three principal factors—technology, resources and markets—motivating the shift to high

First, technology. In the aftermath of the war, Japan faced a wide technological gap between itself and the United States and other industrialized nations. The process of catching up has occurred at a rapid rate, and now Japanese companies find themselves in a position where they must continue to innovate if they are to sustain growth.

Second, resources. The growth of Japan in the 1950s and 1960s was a model case for traditional development theory. During this period, economic expansion closely correlated energy and resource consumption. With large tanker fleets and other facilities, Japan had developed the infrastructure to both import and export in large quantities. But the oil shock made energy and other natural resources both scarcer and more expensive. At that time, companies in many industries perceived a loss of comparative advantage and began to look for means to reduce their dependence on imported resources, while moving quickly to conserve resources.

Third, markets. Japan's economic growth owes much to the growth of demand in export markets, the success in developing superior mass production techniques and the aggressive marketing of Japanese firms. The slower rate of global economic expansion, however, has dampened the pace of growth in Japan's export sectors and forced firms to look for new avenues of growth.

Thus, the current awareness in Japan is that in order to survive and be able to support a large population living in a small area with few



natural resources, Japan must become a knowledge-intensive society. This implies a shift in the international division of labor as Japan sheds certain industries. And the perceived imperative to innovate has pushed Japanese firms in the direction of high technology.

what effects will this new focus on high technology have on Japanese industry—including the growth, mature and depressed sectors—as well as on Japanese society?

Nishio: I think Japanese society, and industrial society in general, is in an important period of transition. If we really take a long-term historical perspective, we see society moving from its hunting-gathering origins into an agricultural society and then on into the industrial society we find ourselves in now. With advances in electronics, however, we are on the threshold of an information society. The United States has taken the lead in making this transition, but Japan is not far behind.

Our analysis is that the process will be one in which the availability of information will accelerate the process of technological development. This in turn will open up new markets. To be honest, the process is already occurring at a faster pace than most experts anticipated—and the rate is likely to accelerate.

The implications are that information and new technologies will permeate every industry. Already, Japanese companies in various industries have indicated their commitment to use what experience and expertise they have accumulated to develop new technologies and products. For example, textile firms are developing carbon fibers. Food product companies are among the leaders in the biotechnology field. And firms in all industries are doing research on the implications of electronics for their businesses or even moving into the electronics industry itself.

The ultimate result of this trend will be a blurring of the traditional segmentation of industries. Companies in the kilo group are attempting to move into the gram group. Even firms in the ton group are trying to leap to the gram group, shedding the less profitable parts of their businesses in favor of information-based businesses. In terms most frequently used during the past decade, the move is in the direction of

developing higher value-added products. The sreel companies, for instance, are doing so with a variety of distinctive products. Some steel firms are even moving into engineering and chemicals. Right now our analysts are looking very closely at company strategies rather than just industry trends.

what role government should play in promoting technological development. What is your assessment of the role of government in the high-technology sector in Japan?

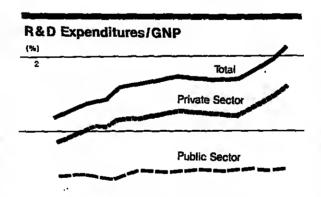
Nishio: This has been a difficult question. Unfortunately, much of the recent debate on the support of high technology—as embodied in the discussion on industrial policy—has drawn on political biases and has not been based on an objective analysis of the facts.

I think the facts in Japan are quite clear. Since the mid-1960s, the government has not had a direct hand in guiding the course of industrial development in Japan. Free competition and the market mechanism have been the basis of economic growth over the past two decades. The role of government agencies—a role that has been frequently misunderstood—has been to facilitate discussion among experts in the academic community and industry. These discussions have been directed at identifying emerging trends and pointing out potential problems facing the economy and society. This has taken the form of various advisory bodies.

In the high-technology area, we are facing a new set of problems. There is still much basic research to be done. Most of it is risky and time-consuming, yet essential for the benefit of both the national and global societies. Thus in Japan, as in other nations, the government is playing a limited role in supporting basic research. The initiative in commercialization, however, is taken totally by the private and to the property of the property

taken totally by the private sector in Japan.

All the data which I have examined points to a much more limited role for government in Japan than in other industrialized nations. In Japan, the government is paying for approximately 30 percent of all research expenditures,



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excluding defense research, compared with almost half in France. West Germany, the United States and England are in between these two figures. Including defense expenditures, the contrasts are even more marked.

MANY management experts have commented on the long-term perspective from which Japanese management operates. Does this have any particular impact on the way in which Japanese firms proceed with research activities in the high-technology fields?

Nishio: It certainly does. It means that they tend to increase research and development budgets regardless of where they are in the business cycle. As the accompanying graph indicates, as a percentage of GNP, the private sector in Japan has almost doubled R&D spending over the past 15 years, from 0.84 percent in 1966 to 1.59 percent in 1981. Even at the industry level, most industries have shown a steady uptrend for R&D spending as a percentage of sales.

One crucial component of this commitment to new product development is the ongoing competition for qualified personnel. In a recent

survey, 46 percent of corporate managers said they were planning to hire more people with backgrounds in electronics and communications. The runners-up were mechanical engineering and applied chemistry. In many depressed industries, firms are only hiring research personnel.

SINCE Japanese firms are already at the leading edge of development in many fields, they are forced to innovate. How do you rate the innovative capabilities of Japanese firms, and what are the factors promoting or inhibiting innovation?

Nishio: I think the numbers speak for themselves. If, for instance, we look at the balance of payments on technological transactions, Japan is still recording a deficit, but income as a percentage of disbursements has risen from 20 percent in 1971 to 67 percent in 1981. An analysis of new contracts is even more revealing. In 1971 income from new contracts was still less than disbursements, but by 1981 income had risen to 2.8 times disbursements. The clear conclusion is that Japan is an important exporter of technology—a role which I believe Japan will continue to play in the years ahead.

Another revealing set of numbers is patent applications. Over the past decade, the number of patent applications made each year in the United States has remained stable at about 100,000. In the major European nations, there has even been a slight downtrend. But in Japan, the number has gone from roughly the U.S. level to 191,000 in 1980. A significant number of these patents are in such leading edge technologies as optical fibers.

As I mentioned earlier, there are clear historical reasons for the Japanese motivation to innovate. In the process of rebuilding the Japanese economy in the postwar period, there was a severe shortage of engineers and other technical personnel. Many scholarship programs were launched to attract engineering students, and many academic departments and even new universities were established to train them.

At the same time, the emphasis within the natural sciences was different. In Japan it was necessarily focused on the applied rather than the theoretical I always joke that the one results in patents and the other in Nobel Prizes. Japanese scientists should be aiming for a few more Nobel Prizes, contributing to basic research which will benefit mankind and not just individual corporations. At any rate, it has taken more than 20 years to solve the shortage of technicians, and even now demand is racing ahead of supply.

The telling comparisons are international ones. For the first time, Japan in 1973 graduated more electrical engineers—17,345—from universities than the United States and has remained ahead ever since. Relative to the size of the population, Japan has about as many research personnel as the United States and significantly more than West Germany or France. And as the number l cited earlier would suggest, the best scientific minds in Japan are going into the private sector rather than the defense industry.

WHAT implications does the focus on high technology have for the growth of venture businesses in Japan?

Nishio: There are various institutional factors which suggest that Japan is not likely to experience the type of venture capital boom seen in the United States. There is, nevertheless, substantial room for small companies to grow and entrepreneurs to innovate. My argument is based on the observation that Japan has built an extremely strong base of companies which supply components or specialized pieces of equipment to larger manufacturers and assemblers. These subcontractors are not being left behind in the race to innovate. Many have the capability to accelerate their rates of growth. And the availability of new technologies will create market niches which are best filled by venture businesses.

Nikko Securities

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leeply rooted in the sea. Mr. Hamaoka, the managing di-rector of the Uozu Fishing Cooper-ative, explained that the fishermen, who sail out of Uozu harbor every day the weather is good, are being burt by steep fuel prices, water pol-lution and declining fish stocks. The Japanese fishing industry in general also feels it is being hurt by

lished from the coastlines of some nations, particularly the quotas set for foreign fleets operating in these A government report issued earlier this year on the results of the fishing industry during fiscal 1981 said that fish farming should be increased to reduce dependence on

deepsea fishing.
The Uozu Fishing Cooperative has been fish-farming for the last 12 years, Mr. Hamaoka said as he showed a visitor around the Uozu fish market, which early in the morning is jammed with buyers bargaining for tuna, flounder, shrimp, cuttlefish, sea bream, spiny

By Walter W. Miller

UOZU - As dawn broke across

Uozn's crescent-shaped harbor, Yasıryori Hamaoka offered no ro-

mantie visions about life as a fish-erman. "The work is hard," he said,

adding with a grin that "the only vacation we get is when the weather

Uozu is a city of about 50,000

people on the coast of the Sea of

apan, 500 kilometers west of To-

lobster and yellowtail. Mr. Hamaoka said that members of the cooperative get shrimp and flounder eggs from hatcheries run by the state, hatch the eggs and release the fry into the Japan Sea. "The results have been mixed," be said, "because the Japan Sea is an open body of water and the young fish often swim to other areas."

Since 1977, the government report said, 90 nations have established 200-mile economic zones and these "had a great impact on the fishing operations" of Japan. Fishing off the U.S. coast is one example: In 1977, the report said, before the United States declared its economic zone, Japanese fishing boats caught four million tons of fish in waters off the U.S. coast; four years later, this figure had

Commenting on the industry as a Nevertheless, the United States,

Water Pollution and Declining Stocks whole, the government said that fishing around Japan must be ex-

Fishing Industry Is Hurt by Fuel Costs,

Unloading cuttlefish at Uozu fishing port on the Japan Sea coast.

manding" every year. Fishermen in Hokkaido, Japan's tiortherpmost main island, face a more precarious problem: Their boats often are arrested by the So-

Rich in salmon, turbot and cod, the waters off Hokkaido are contested by Tokyo and Moscow, The kyo. Its history and traditions are dispute involves four small islands called the Northern Territories by Japan — seized by the Soviet Union at the end of World War II. (Because of this, Japan and the Soviet Union have yet to sign a peace treaty officially ending the war between the two countries.)

MiG-21 fighters on two of the isthe 200-mile economic zones estab-

sign of relinquishing its hold. From the Hokkaido port of Ne fishermen have been seized by Soviet patrol boats since 1945. Boats and equipment are confiscated and the crews are held for two or three months; ship captains often are iailed for a year.

A more emotional and potentially more serious problem is the threat of sanctions imposed against Japanese fishing fleets by such countries as the United States if Tokyo refuses to adhere to the International Whaling Commission's total ban on whaling, which comes into effect in 1986. Japan, along

ing quota for the 1983-1984 season to be slashed during the July meeting in Brighton, England, of the International Whaling Commission. But it was left virtually unchanged from last year.

panded since negotiations for winning fishing rights "grow more de-

Having recently placed about 10,000 troops and a squadron of lands, the Soviet Union shows no

with the Soviet Union, Norway and Peru, is a major whaling nation.

The number of Japanese involved in whaling stands at 1,000. Fifteen years ago there were 15,000. But there is no indication that the remaining Japanese whalers are willing to put aside their harpoons. The government says the industry produces about 17,000 tons of whale meat annually. But 60,000 tons are consumed here every year. The difference is made up by imports from other whaling na-

Whalers expected Japan's whal-



The early morning fish auction at Uozu.

which supports the commission's ban on whaling, has asserted that, fishing industry are: if Japan does not stop its whaling activities, heavy sanctions will be slapped against Japanese fishing boats operating in U.S. waters.

Such action could have a devastating impact on Japan's fishing industry, which gets two-thirds of its total catch from within the U.S. 200-mile economic zone. The \$425 million worth of fish caught by Japanese boats in this area is 10 times for the value of Japan's whaling indus-

Chuichi Ohmura, vice secretary of the Japan Whaling Association, has assailed the United States and other anti-whaling countries for trying "to force their opinions and their culture preferences - on

if we are randomly slaughtering

Two other problems facing the.

· As Japan ascended into the ranks of an economic superpower, changes in the Japanese diet occurred. The traditional diet of rice and fish is now being supplemented by large quantities of meat, eggs and dairy products. As a result, the Ministry of Health and Welfare said in a 1981 report, "the demand for marine products has leveled

 Urban attractions have Inred' an increasing number of young people from coastal towns who in previous years probably would have continued in the fishing industry. The government report on fishing said that during fiscal 1981 "It is not," Mr. Ohmura said, "as we are randomly slaughtering in the fishing industry, a decline of 1.8 percent from 1980.

Agriculture: Inefficient Despite Strong Support

TOKYO - The government has built elabo-roughly 2.71 million yen in either services or funds. On top of that, there are 600,000 agricultice, the staple of their diet, yet they cannot get threaffairs civil servants on central and prefec-tural payrolls and in the local cooperatives. the sweet tasty varieties desired, such as sasani-shiki and koshihikari, because the government

As a result, Japan's farming households receive almost personal service from the government. Despite this support, agriculture remains inefficient. The quality of farm produce in Japan is high, but so are the prices because productivity is low. The average Japanese farm is neering 150 times smaller than the average North Americantro ican farm and 10 times smaller than the average European farm.
The farms keep an average of seven cattle,

except in wider spaces of northern Hokkaido. On a point system based on 100, if Japan's wholesale price for beef is set at 100, then Australia's would be 33, the United States' 44 and the European Community's 70. Domestic wheat and soybeans are priced 3.8 times higher and, in times of flood, a critical reservoir. It is than imported wheat and soybeans.

Some of the high cost is because of distribution. Japan has had a highly developed whole-sale and retail network since the 13th or 14th century and in 1975 it was estimated to have had more retail outlets and almost as many wholesalers as the United States, even though the economy was only one-third as large.

controls the rice crop and mixes all varieties in order to achieve "fair and equal" distribution. A major policy change is being studied: to

increase production through the most recent biotechnological methods such as genetic engineering and computer-aided environmental

A goal is to increase the average harvest by 1.5 times per unit by 1991 and use the surplus in food processing and as a feed grain and to make alcohol. Success will depend on higher-yield seeds. The plan therefore would include a collection of wild rice strains from Southeast Asia to improve Japanese strains.

also the key to food security in any emergency. Consequently the Keidenran, the Federation of Economic Organizations, which campaigns for improvement in the rice crop and its distribution, does not want to see an influx of foreign rice into Japan. At the same time nutritionists and medical experts hope to encourage the Japanese to stay closer to a traditional diet of rice

In 1981 there were 700,000 small food retail and fish and away from Western foods with

esh vegetables and fish and buy almost daily. security is important, Japan depends on imports. The Japanese pay the highest price in Asia for of food from abroad. Therefore, besides strengthening domestic productivity, improving the international competitiveness of its primary industries and stockpiling, Japan should maintain good ties with producer countries of key,

> He added that, although some domestic measures were required to protect beef and orange producers, liberalization of that market was also

Of Japan's overall farm produce imports, the United States supplies about 43 percent. Japan also depends on the United States for most of its grain orders. Nevertheless, the United States has filed a complaint with the General Agreement on Tarriffs and Tarthe company Japan. ment on Tariffs and Trade accusing Japan of keeping import quotas on farm products in violation of GATT rules.

This step involves 13 of the 22 remaining items under quota after a reduction from 103 in

Beef and oranges are not on the complaint list at GATT, but then the United States is trading in these under agreements with Japan that are still operative.

Japan says it is willing to expand quotas, but not to liberalize. - ROD O'BRIEN

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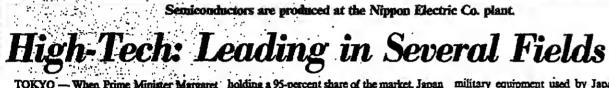
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TOKYO — When Prime Minister Margaret holding a 95-percent share of the market. Japan military equipment used by Japan's Self Defeatcher of Britain visited Japan last year, she had 5 percent.

But even then the tide was beginning to turn

But even then the tide was beginning to turn

The Fisher she was printed to a Japanese official ex-

pan continues to be accused.

The accusation riles most Japanese, particularly high-technology analysts and scientists, who point to Japan's lead in the field of advanced ceramics, robots, optical fibers, video emipment and very large scale integrated cir-

Masanori Moritani, a senior researcher in the Nomura Research Institute, said that Japan has achieved formidable research and development capability in many advanced technical fields and has developed and marketed a

long and growing list of innovative products."

Critics of Japan say that a prime example of
Japan's inability to discover the aced of a new
device and cultivate it to a useful marketable product is that only four Japanese have been awarded Nobel prizes.

ects the "West's own value sy

He asked, "Is invention so important?" He added that many inventions credited to various Western countries were borrowed from other countries. One of numerous examples is the invention of the steamboat, credited to the United States because an American, Robert Fulton, built the first steamboat. But Fulton had spent 20 years in Europe gathering information about steam engines before returning to the United States to build the steamboat that made

the historic trip up the Hudson River in 1807. Mr. Ohmae added: "Japan didn't need to invent because it could buy technology cheaply and easily from the West. But where the West didn't have the technology needed, Japan came

up with its own." During the early 1970s, the United States led production of 1K RAM semiconductor chips,

Thatcher of Britain visited Japan last year, she reportedly remarked to a Japanese official explaining the workings of a robot that, if the West had invented it, the Japanese had improved it. Since the end of World War II, Japan has had to contend with the charge that it is a nation of imitators, not inventors or innovators. Even in today's booming high-technology industry, Japanese of the market Japan had 5 percent.

But even then the tide was beginning to turn But even then the tide was beginning to turn plaining the workings of a robot that, if the West III Japanese chip makers began pouring money into research and development and aggressively attacking their overseas competitors. By the late 1970s, Japan had grabbed a 40-percent share of the market Japan the 1980s, the Japanese became the market leader in the current generation 64K chip, comin and a 70-percent market share. The race is on for the next generation thin, the 256K RAM, one that can store 256,000 bits of information or enough to store 5,000 words of text. Analysts in Tokyo say that Japan is six to nine months ahead of the United States in the development of the 256K chip.

> Japan also is involved in another race with the United States to establish supremacy in the production of fifth-generation, or artificial inligence, computers.

Last year the Ministry of International Trade and Industry launched a 10-year project to pio-neer the development of fifth-generation com-puters. Involved in the project are Japan's top computer firms, including Nippon Electric Co., Figitsu, Hitschi and Mitsubishi Electric.

Computer software is one field where the Japanese concede they lag behind the United States. Japan has about 30,000 packaged-soft-States, according to a study by the Agency of Industrial Science and Technology.

In a bid to bridge this gap, MITI launched a

five-year project, now in its third year, aimed at producing more made-in-Japan package soft-Much of Japan's current success in high technology, analysis say, is attributed to the process of initially producing an item under foreign license and, as Mrs. Thatcher said, improving it.

This works to Japan's advantage sometimes, but

A case in point is defense. Much of the

The F-15 jet fighter, the mainstay of Japan's air force, is made under U.S. license. A U.S. government official in Tokyo said that the F-15 is 10-year-old technology.

There are definite signs that this dependence on licensed technology is changing, however. In 1981, Japan exported 2.8 times more licenses and patents, at a value of \$330 million, than it imported, at a value of \$115 million.

According to Massuori Mori and of Nountra, Japan's main strong point now is that Japanese high-technology companies focus their energies on fields in which major economic results can be expected in three to five years. "This means," Mr. Monitani said, "that Japan need not worry about the technology to support its international competitive power and economic strength in the "80s."

But this strength, he added, is the reverse side of Japan's main weakness: the development of future technology that will be appearing in the 1990s and early 21st century.

Specifically, Mr. Moritani and other analysts Kenichi Ohmae, the managing director of the Computer firms, including Nippon Electric Co., Tokyo office of McKing-y-th Co. and holder of a doctorate in micear physics, scotled at this contention amounted in micear physics, scotled at this contention amounted in April its contention and asserted that the Nobel prize Defense Department amnounced in April its own lifth generation computer campaign to scale integrated circuits), three-dimensional circuits, chemical and energy technology and the charge-coupled device, a solid-state element used in place of camera pickup tubes. (Developed by Bell Laboratories, these are used in Japanese video tape recorder cameras.) Analysts said that the Japanese so far have not shown much interest in these areas.

Still, Mr. Moritani pointed out that in the production of future technology teamwork will important, and here the Japanese excel. In the majority of projects conducted in advanced and future technology, he said, large numbers of researchers are involved. "What is desirable is that there be a mutual, beneficial stimulus. bringing forth a series of sparks and bursts of creativity," he said. Such a climate of creativity, Mr. Moritani believes, exists in Japan.
— WALTER W. MULLER

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The Supercomputer Race Is Heating Up

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Residence of the state of the state of

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The same of the control of the contr TOKYO - Within the last year, three Japanese companies have announced progressively faster computers and three other firms have said that they are working toward joining the race for In doing so they have succeeded in challeng-

Hair wife to the high ing the United States in a field of state-of-theart technology it has long assumed it dominated.

Meanwhile, in appropriately competitive spirit, the scientists at the U.S. supercomputer pioneer Control Data Corp. recently announced that by 1986 it intends to launch a machine that Coars Brokens will take even supercomputers into a new generation. This "ultra-supercomputer" will have an operating speed of more than 10 billion calculations a second, compared with current supercomputers, whose speed is measured in "mil-

> For the United States, supercomputers represent an advanced computer technology of crutial importance in both military and specialized research fields. The prospect of any potential dependence upon, or inferiority toward, any other nation in such a vital area is a worrying that it is difficult to compare the speeds of the

lions of floating operations a second"

This concern was highlighted by discussions at a recent conference in Los Alamos, New Mexico, where delegates, alluding to a previous "high-tech" embarrassment, claimed that Japan's advances were having a "Sputnik effect" anon the U.S. industry.

Supercomputers are a very special breed of machine designed for use in such highly sophisticated operations as weather forecasting and undersea materials analysis, where the rapid processing of vast quantities of data is required. research and development work of computer manufacturers is more often cited by industry insiders than the potential end-product benefits of the machines when applied in these areas.

The three new supercomputer club members Tunusu, runacm and Nippon Electric Co., in university applications of the past. The companies that order of entry—have developed machines my said that for many, especially nuclear-relativith operating speeds of 500 MFLOPS, 630 ed, companies a purchase could involve an "up-MFLOPS and 1,300 MFLOPS respectively, ward gradation from mainframe computers." comfortably accelerating above the previous market leaders. Cray Research and Control a month.

Data Corp. of the United States. graded versions of machines in the 400- could eventually announce products.

MFLOPS range that were rapidly produced when Fujitsu took Japan straight to the top position in the supercomputer race with its then "world's fastest" machine in July 1982.

Thus far, however, the indications are that Japanese sales have not gotten off the ground; there have been no firm orders despite the strong pressures to exhibit an installation for promotional purposes. Fujitsu, with its VP-200 (500 MFLOP) and VP-100 (250 MFLOP) having been on the market nearly a year, does not disclose its sales figures but talks only of a "possible order" from the Plasma Research enter at Nagoya University.

The two computers are available at a monthly rental price of 50 million yen and 6.9 million yen, respectively. Hitachi, which entered the market in August 1982, expresses a little more optimism and has, in common with Nippon Electric Co., announced a sales target of 30 units during the next four years. The company says that sales talks are in progress with several customers, and that there are plans to have two units in operation on its premises by October.

systems, as each company has its own form of measurement, depending on the method of use of the machine. Hitachi has a "top end" unit of 630 MFLOPS, the S810-20, and a 315-MFLOPS "low end" model, the \$810-10. Nippon Electric Co. only entered the market on April 21 this ar, but did so with a flourish, announcing the

"world's first giga-level supercomputer."

The Nippon Electric Co. machines, the SX-1 and SX-2, feature four high-performance vector arithmetic pipelines for multiparallel processing and achieve their high speed by use of 1,000-But in both Japan and the United States, the gate, 250 picosecond per gate delay time, logic importance of supercomputer development as a large scale integration (LSI) circuits. They also means of maintaining the dynamism in the have Japan's first water-cooled high density LSI packages, each containing 36 LSI's mounted on a 10-centimeter-square ceramic substrate.

Nippon Electric Co. expects to start deliveries in two years and is seeking a wider variety of costomers for supercomputers than the mainly - Fujitsu, Hitachi and Nippon Electric Co., in university applications of the past. The compa-The rental price of the SX-2 is 90 million yen

In addition to the three Japanese makers The latest U.S. machines, the Cray X-MP already in the supercomputer field, three more with a speed of 630 MFLOPS, and Control Data companies - Mitsubishi, Toshiba and Oki -Corp.'s Cyber 205, with 792 MFLOPS, are up- are working on technology of their own and

All six companies are members of a coopera tive supercomputer research project launched in 1981 by the Ministry of International Trade and Industry with a budget of 23 billion yen for eight years. Centering on basic research, the project aims to produce a machine with a power 10 times that of present day models, as seen in the United States, and includes special study of parallel processing techniques and of the potential role of the supercomputer as a component of artificial intelligence machines.

A research area of particular interest is the Josephson junction technology, which holds the promise of allowing ultra-high speeds of data flow with low associated power consumption.

The Japanese government's subsidy of its supercomputer research came under fire at the U.S.-Japanese meeting on high technology in Hawaii in July 1982. The United States representatives said that Japan's domestic computer makers were receiving an unfair level of support, and there were also complaints that no large U.S. scientific computers had been sold in Japan since 1980, a situation it blamed on government protectionism through domestic indus-

For the Japanese government, the handling of this trade friction is an important task and adds to the diplomatic burden presented by Japan's success in another strategic area: semiconduc-

Although the high price of supercomputers might suggest it is a profitable line of business, their commercial potential is somewhat limited by the size of the total market. In Japan, the estimated ceiling for prospective installations is only around 100 units.

Japanese computer firms see supercomputers as having a high company prestige value both at home and internationally, but admit privately that there is really little need for so many makers in such a very narrow market.

The Japanese supercomputer effort makes most sense when viewed as part of a wider national drive for supremacy in the overall computer field, which takes in work on the various elements of the "fifth-generation computer" and research into such fields as semiconductors and voice recognition.

In the past, Japan countered U.S. criticism of its supercomputer policies by saying that the computers' development was in the earliest stages and that commercial production was far away. This reasoning has become outdated and as Japan makes strides in this sensitive field. continued tension is to be expected.

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TOKYO — If there is one ques-tion that will make an economist cower behind his back issues of Econometrica, put his head in his hands and moan quietly to himself, it is this: How does one explain the

yen's value against the dollar? "Many economists are expecting the dollar to decline this year; some of them are looking for a very sharp decline, to 190 yen or 185 yen," said Natsuo Okada, chief dealer with Sumitomo Bank in Tokyo. But they will have to change their minds, just as they had to change them last year. Then, some economists were also talking of a stronger yen and a weaker dollar, whereas in fact the yen sank as low as 275 at one point. This year, we are not at 275 yen, but I would not expect the dollar to fall below 240 yen. Basically, people in foreign-ex-change dealing are not expecting the dollar to fall sharply within this

mists' established explanations of to come up with the right answers. its value should have been 15-per-why exchange rates move the way But not in the case of the yen, cent greater than it was. why exchange rates move the way they do. The oldest - and most - explanation relies on countries' inflation rates. According to this reasoning, the higher a country's inflation rate, the more its currency tends to drop in value ainst a stronger currency.

Supporters of the purchasing power parity theory, as it is often called, would argue that the percentage change in exchange rates would be similar to the difference between the two countries' infla-tion rates. Economists like that theory because they can explain how it works in practice: Buyers tend to acquire goods in a country where inflation is low. This tends either to push up prices there or to bolster the country's exchange rate, as people buy its currency in order to buy

They also like it because they can hange dealing are not expecting spend many happy hours playing the dollar to fall sharply within this ear."

A yen trading at 240 to 250 to the

spend many happy hours playing with it, measuring prices in different countries and in different ways.

Last — and often least — in the

According to the indexes of competitiveness compiled by Morgan Guaranty Trust, the yen's exchange value has been inordinately weak in relation to Japan's inflation performance. Japan's rate of consumer price inflation is low. Its rate of wholesale price inflation, which many economists would use as the better measure for exchange rate purposes, is lower still.

Recent data show roughly stable wholesale prices in Japan. Other industrialized countries inflation rates have come under control, especially in the United States and Britain. But Japan remains the best of the major economies. Thus, according to the inflation

reasoning, the yen should have appreciated strongly. Morgan Guar-anty's estimates suggest that, at 240 yen to the dollar, the yen is at least undervalued by 10 percent, com-

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Morgan's calculations are con-

sistent with the opinions of dealers in the Tokyo foreign exchange mar-ket. Many think that an appropriate rate would be about 220 yen to the dollar, or 10 percent better, if relative inflation rates were the driving factor on the exchange rate.

After the purchasing power parity theory, many economists would end to look at the performance of Japan's balance of payments to determine a theoretical exchange rate. Again, facts and theory conflict. The June 1983 report on Japan

by the Organization for Economic Cooperation and Development estimated that the balance-of-payments surplus on current account in 1983 will be \$18.3 billion. This figure is significantly more than twice the \$7-billion surplus Japan's exporters achieved in 1982.

And the surplus is rising. For fiscal 1983, which ends in March year."

ent countries and in different ways.

A yen trading at 240 to 250 to the dollar seems to contradict econo
ent countries and in different ways.

Last — and often least — in the dollar seems to contradict econo
economists' scale of values, it tends trading at 270 to 275 to the dollar,

Economic forecasters in Japan sug-

dar 1983 and 1984, predicted that on theory. But, as an economist wi this year's current account surplus will be \$19 billion, and next year's to discount some of the surplus as that eventually derail them. One not really having much relation to obvious one, which is in full swing, the year. Perhaps \$5 hillion can be is through the balance of trade. that in theory should be providing and Sonys, as a result of the strong a groundswell of commercial buy-dollar, that the trade balance will a groundswell of commercial buy-

short do not work. That leaves a trickier version of the balance-of-payments theory of exchange rates. It says: Do not look haps late this year, perhaps early at the current account alone; there next, one speculator too many is is more to exchange rate moves going to get on, and a wheel will fall than purchases of goods and ser-off. That is when the waggon will vices; purchases of financial assets start to tumble back downhill. Will cause ebbs and flows in the de- you still be on board? mand for yen, too. The right measure to look at, on this reasoning, is the basic balance - the sum of the balance on current account and the balance on long-term capital account. That, its advocates said, is and investors want to buy or sell Demand Lags the best measure of whether traders

The latest issue of the Tokyo Financial Review, a monthly report published by the Bank of Tokyo, would seem to say that, at last, one of the economists' explanations works. Japan ran a basic balance deficit in fiscal 1981 of \$9 billion, and another of \$3 billion in fiscal 1982, the review said. So far, so good. The yen depreciated from an average 228 in fiscal 1981 to an average of 250 in fiscal 1982. All as it should be - except that Japan is likely to turn in a small surplus on its basic balance of payments of between \$1.5 billion and \$2 billion in the year to March 1984, according to the Bank of Tokyo's forecast. (The bank is close to other forecasters' predictions of Japan's balance of payments, counting on a \$19billion current account surplus this fiscal year.)

If the basic balance has turned should be feeling the benefit by to reduce taxes. now - foreign exchange dealers, as easily as others. But they are not impressed. The only news the deal- borrowing for investment give the ers want to watch is the trend in short-term interest rates in the United States.

If everyone else is moving into inflation. and making exchange profits to to shift from direct to indirect tax-add to internationally high interest ation.

gest that, if anything, the OECD's yields, it is hard to stay aloof. The forecasts are on the low side.

The Mitsubishi Research Instieconomists' attempts to construct tute, in a recent forecast for calen- more logical ones, is the bandwaggleefully tell you, bandwagon ef-fects have an unpleasant habit of will be close to \$24 billion. It is easy setting off compensating forces explained by lower oil prices. But Sooner or later, U.S. buyers will be that still leaves at least \$14 billion loading up with so many Datsuns ing support for the yen. Simple eventually become horrible enough formulations of the theory, in to outweigh the funds pouring into the financial markets

Right now, the dollar bandwagon is still thundering uphill. Per-

Export Boom Fuels Recovery;

(Continued From Page 7S)

the job of building roads, dams and railways, and would hope to get an ic return from them.

mestion of how best to stimulate the economy hinges on the yen and

the budget. Since Japan cannot persuade the United States to reduce the deficit that keeps U.S. interest rates high and the yen weak, some call for Japan to take steps to reduce its

capital outflow. So far the government has opposed any move toward capital controls, but it may have to reconsider its position.
Within the budget area, the cur-

rent emphasis on cutbacks in spending seems too optimistic. wo other courses are possible: Either Japan learns to live with its around in Japan's favor, the yen large deficits, or it finds new ways

Japan has a high rate of savings, no slouches at reacting to news be-fore it happens, can read the review percent in the United States.

That and the low rate of private government room to borrow large amounts of private money to cover its deficits without fear of fueling

short-term dollar deposits, certifi-cates of deposits and Treasury bills, seem to have considerable leeway



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You've probably heard or read a lot about the unique decision-making process in Japanese organizations, and maybe you're even a little confused about what really goes on. While a lot of attention has been given to the "how", little has been paid to the "who". Put simply, the Japanese decision-making process starts from the bottom and moves toward the top. At the Section or lowest level, problems are identified, proposals are made and the initiative is taken. Among Section workers, morale is high, energy and enthuslasm are common,

and the willingness to work long and hard is taken for granted. As the facts clearly show, their newspaper of choice is the Asahi Shimbun. Published twice daily in Japan's major commercial and population centers, backed-up by several combined area editions, and having a large nation-wide readership, the Asahi Shimbun is a quality newspaper which reaches the people who count. If your need is to inform or persuade Japan's decision makers, then let the Asahl Shimbun carry your message to the source.

Comparison of Dissemination Rates of Japan's Four Major Newspapers.

enior Executives and Professional People	Middle Management and Section People
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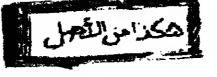
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JAPAN

Foreign Stake in Stock Market Reaches Record

Special to the IHT

TOKYO - Whether one calls it news or history probably depends on one's proximity to Kabutocho, Tokyo's stock exchange district, but either way remarkable things are happening on the Tokyo Stock

This year, for the first time, for-eigners will buy more than I trillion yen (\$4.15 billion) worth of Japa-nese equities. That is calculated net new purchases less sales of equities purchased in the past. The latest figures from the exchange show that in July nonresidents increased their holdings of Japanese shares by 72.6 billion yen (\$300 million), making it 11 straight months of net buying. During one week alone, July 18 to July 23, foreign buying amounted in more than 50 billion yen (\$210 million) — the biggest single week's sphirge on equities by overseas investors this year.

In the first seven months of 1983, overseas buyers bought a net 650 billion yen (\$2.7 billion) worth of equities in Tokyo, and, given the recent acceleration in the rate of buying, there is talk around the exchange of a total for the year of about 1.3 trillion yen (\$5.4 billion). That would far and away exceed the last boom in foreign buying, in 1980, when net buying nearly reached 850 billion yen (worth, at the exchange rate of the time, around \$3.75 billion).

That is one remarkable development; the other is the record highs reached on the exchange during the summer. The most closely watched index of stock prices in Tokyo is the Nikkei-Dow Jnnes index. It reached a high of 9,112 on July 28 (which must have pleased the record number of overseas purchasers who had piled in the previous week) and although it relapsed for a week or two, the market subsequently surged to even higher levels. On Aug. 19, it surpassed its July 28 record and pushed up to just short of 9,140. Recently, it went higher still and was in the low 9,200s. Since February, when the index reach its year's low level of 7,918, the trend in share prices has been strongly up. Foreign investment in Kabuto-

cho is of relatively recent vintage. Nonresidents were net sellers in the period from 1977 to 1979 and, barring their rush to Tokyn in 1980, foreign buyers have taken only modest stakes in the world's second biggest stock market — net buying was about \$1 billion in 1981 and fell to around \$500 million in 1982. By and large, it has been a record of missed opportunity for foreign investors. One million dollars to 1,065.49 on Nov. 3, and the sec would have bought at least 300 mil-

resentative stocks in Tokyo, and left there for the last eight years, it would now be worth a little more than \$2.8 million (excluding dividends). That works out to an annual rate of return in dollar terms of 13.8 percent (a capital gain of 10.7 percent a year in yen terms and an exchange rate gain of 2.8 percent a year). Dividend payments added

annual rate of return, giving a total rate of return of between 15 percent and 15.5 percent. Discriminating investors, with a feel for the yen's value against the dollar and an eye for individual shares, could probably have done even better. Avoiding obviously depressed sectors such as housebuilding, shipbuilding, steel, and the general trading companies and retailers (all sectors whose share price indexes underperformed by comparison with the average for the market as a whole) would have boosted the yield of an overseas portfolio. Similarly, it did not require great investing expertise to weight a share portfolin with equities in companies making drugs, electrical and electronic goods

cars, office equipment, cameras, and precision instruments, all of

about 1.5 percent a year in the

which outperformed the market. The important question for foreign investors is, naturally, whether the pattern of the last eight years will continue. To some extent, that is dependent on what happens to Wall Street. There is a school of thought that argues that Tokyo's Stock Exchange slavishly follows every move in the market in New York, and there certainly is a broad correlation, but that may be attribntable to the similar economic conditions likely to affect the world's two major economies at the same time, So far, however, Tokyo's advance has not matched that of New York, where the Dow Jones industrial average is still about 35 percent up nn its 1982 levels. There is a link between the markets, hut it is not hard and fast, although New York's moves do tend to influence sentiment in Tokyo.

"Since it broke through the 1,200 harrier nn April 26, the New York market has been in a phase of adjustment for the past three months," according to the latest Nomura Investment Review. "Nevertheless, few people believe that the market rally which has continued since last summer is over. Following the first wave that rose from 776.92 on Aug. 12, 1982, ond wave that pushed from 990.25

will trigger it and when."

A strong Wall Street will pull Tokyo with it, and conversely lower share prices in the United States will have a depressing influence. But the negative effect of a weaker Wall Street would not be very strong since the current advance in Tokyn prices seems to owe a good deal to domestic developments, investors are often credited with a There have been a number of wide-much greater expertise in portfolio ly publicized forecasts of higher management than they actually corporate profitability during the possess, and foreign buying of eq-

rise in the Nikkei-Dow index ap- ket is likely in remain bullish. pears to have been driven by anticipation of better corporate results.

Foreign buying also tends in bol-ster sentiment in Tokyo. Overseas

lion yen in 1975 (the average ex-change rate for the year was 296 yen to the dollar). Invested in rep-wave m come. The question is what ple, is predicting a 22.6-percent rise still strong, especially on the expecin corporate profits (excluding the tation of exchange-rate gains once volatile oil and coal companies) the yen recovers from its undervalduring the period. The summer's uation, the tone of the Tokyo mar-

> One caveat: The more technically or chartist-minded investors may not like the shape of price move-ments in Tokyo. The July 28 peak had all the signs of a head in a head-and-shoulders pattern. The new Aug. 19-22 peaks seem in have (Continued on Following Page)





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Tension mounts thiring heavy trading at the Stock Exchange.

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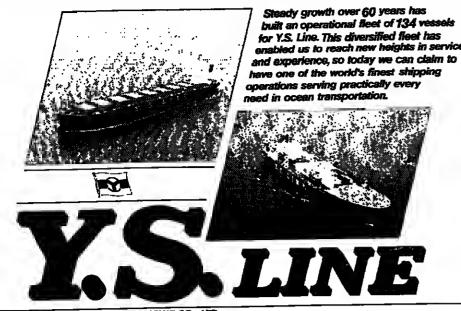
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SUMITOMO BANK

National Debt Hits 100 Trillion Yen; Concern Is Voiced

By Robert Y. Horiguchi TOKYO - The government, seeking to spend its way out of the recession caused by the first oil crisis a decade ago, shifted to defi-cit financing in the 1975-1976 fiscal year. Since then, it has depended on large issues of bonds to compensate for an annual budgetary reve-

nue shortfall of about 30 percent. In June this year, this continued borrowing brought the aggregate of national bonds outstanding including other bonds issued to fund public works, to the symbolic crisis threshold of 100 trillion yen that prompted the Keidanren, the Federation of Japanese Economic Organizations, to warn that the "deterioration of public finances is advancing faster in Japan than in Europe or the United States." Ten years ago, the national debt amounted to a modest eight trillion yen (\$33 billion).

As if haunted by a guilty conscience for having trampled on the injunction against intemperate borrowing contained in the Public Finance Law, enacted when Japan was under Allied occupation, successive administrations have attempted to put an end to this defi-

In 1979, the then prime minister, the late Masayoshi Ohira, promised to put the national financial house in order by 1985. He proposed to steadily reduce bond issues so that they would be ended by the end of fiscal 1984. This undertaking was based on a bullish forecast that the economy would grow by a real 5 percent from 1979 to 1985 to generate enough tax revenue to make fiscal ends meet.

This was not to be. The second oil crisis and a subsequent worldwide business recession torpedoed the plan. Zenko Suzuki, who folowed Mr. Ohira as prime minister, kept to his predecessor's pledge but resigned when he realized that he could not carry it ont.

The present prime minister, Yanounced economic guidelines for the next eight years that would achieve a balanced budget by 1990 and halt the issue of delicit-financing bonds. In the current fiscal year, which started on April 1, the government will have to float socalled "red ink" bonds for the the budget.

dence on bonds to meet its budget ance of national bonds in proportion to the gross national product is 36.1 percent for Japan, 37.5 percent for the United States and 18.4 percent for West Germany.

to net private savings, Mr. Mat-suzawa said, is: Japan 35.2 percent, the United States 63.2 percent and

ian economists in Japan believe that there are enough savings in the bousehold sector to absorb deficit financing without crowding out

private investment According to the Bank of Japan rsonal savings at the close of the last fiscal year on March 31 amounted to 379.6 trillion yen.

But policymakers are nervous. They point out that Japan's per capita debt now exceeds 1 million yen. The Ministry of Finance further observes that the debt service burden will increase from 8.2 trillion yen this fiscal year to 12.9 trillion yen in fiscal 1986.

Moreover, beginning with fiscal 1985, the Treasury will have to begin redeeming 10-year bonds, which constitute the bulk of the "red ink" paper that has been heavily issued since 1975. Bonds reaching maturity at that time will amount to 9.7 trillion yen, consisting of 7.4 trillion yen in construc-tion bonds and 2.3 trillion yen of the deficit-financing variety. According to law these maturing

bonds must be redeemed in cash. Theoretically, funds for this pur-pose should be available in the Bond Amortization Fund, which is maintained by transfers into it from the general budget account of an amount equivalent to 1.6 percent of the outstanding balance of national bonds at the close of the penultimate fiscal year, and half of the budget surplus.

Because of the shortage of funds, however, such transfers have been interrupted for the last two years with the result that the fund will be exhausted by fiscal 1985. The govemment is expected to have to resort to issuing new bonds to redeem earlier issues. Such action would require amending the law that specifically prohibits issuing bonds to redeem those reaching maturity.

This development threatens to complicate the implementation of the new economie guidelines that foresee an inflation-adjusted 4-persuhiro Nakasone, recently an- cent growth during the next eight years that, coupled with substantial reductions in government expenditures achieved by far-reaching administrative reforms, would make revenue match outlays by 1990.

To absorb bonds that will have to be issued to redeem those reaching maturity, Mr. Matsozawa urges amount of 6.9 trillion yen, while that they be purchased by the gov-interest payments on bonds account for more than 16 percent of carrying out a drastic revision in the way funds are allocated in the Takuji Matsuzawa, chairman of fiscal loan and investment prothe Fuji Bank, put Japan's depen- gram. This program, also known as the second budget under Japan'a deficit at 30.2 percent, against 15.2 two-tier fiscal system, provides percent for the United States and funds to the Development Bank 15.4 percent for West Germany. He and various other public financial

The Trust Fund consists of postal savings deposits, in addition to premiums for postal insurance and contributions to national pension ent for West Germany. and welfare annuity systems. At The ratio of the budgetary deficit present, the Trust Fund holds 20.8 percent of the national bonds outstanding against 27.9 percent owned by banks, 42.6 percent by West Germany 25.8 percent. On individuals and corporations, and the basis of these figures, Keynes-

rope too - will respond to the

challenge by regaining those traits that created our wealth in the first

instance. As this occurs, we will

have, in good measure, the Japa-nese to thank.



A woman dressed traditionally on a Tokyo street.

Trade Issues: A Japanese View

(Continued From Page 9S)

nating against American and other foreign goods? The extent to which any country's markets are open to foreign goods is a matter of degree. No country's markets are completely open. In Japan, as in all other countries, there are "obstacles" to imports that are based on custom, established commercial relationships, consumer taste and so on. No discrimination such as has been suggested exists in Japan.

While most Japanese businessmen agree that, in the United States, business activities can be conducted relatively unhampered by administrative constraints, many feel that they are often harassed by unjustifiable legal actions taken in the areas of anti-dumping, countervailing duties, etc. In Japan government subsidies for exports no longer exist.

From the standpoint of Japanese tariff levels and quantitative restrictions, the Japanese market is as open as that of any other major industrialized country. The average Japanese tariff level is actually lower than that of the United States and the European Community. It will be even further reduced to an average of 3 percent when the Tokyo Round is fully implemented by 1987 (tariff rates for the United States and the EC will average 4 percent and 5 percent,

Since December 1981 the Japanese government has begun unilaterally accelerating its tariff reduction schedule ahead of the agreed timetable on some 1,653 items (representing approximately 60 percent of all tariffs) by an average of 16 percent. Some additional reductions and elimination of tariffs followed in May 982. Most recently, unilateral and substantional cuts in regard to politically sensitive items including ciga-rettes, chocolates and biscuits, etc., were also added to

Japanese import items still restricted by quota are much fewer in number than those of France and Italy, beef and oranges) are not significantly different from those restrictions in the United States on sugar, dairy products or beef in terms of their political

Japan has been substantially increasing its quotas on oranges and beef. It is not widely known that 44 states in the United States prohibit the entry of Japanese mandarin oranges. Thirty percent of Japan's domestic consumption of beef is imported while the United States restricts beef imports to 8 percent of domestie consumption under the Meat Import Act.

Japan, despite restrictions on politically sensitive items, represents the largest market for U.S. agricultural exports, absorbing, last year alone, \$6.6 billion worth of farm products, comprising more than the total of all U.S. farm exports to the Soviet Union, Eastern Europe, West Germany and Britain

are very lucky that Japan exists as a vibrant, progressive, friendly, re-What we hear most in the United States are arguments claiming that it is difficult to export to Japan publican form of government. The innovations that the Japanese have not because of the institutional barriers, such as tariffs produced have enriched our lives and quotas, but because of invisible restrictions in the form of inspection standards for imported goods, safety regulations, etc., and even an alleged collusion and have shattered our complacency with ourselves and our competitive prowess. There is no question between government and business to keep foreign that the United States - and Eugoods ont (the so-called non-tariff barriers.)

Japan, which historically has been a very regulated country, where government maintains a wide responsibility over the private sector and even assumes liability for damages caused directly or indirectly by business activities, has more bureaucratic constraint than the United States. This may make it resemble

Since the liberalization of trade in regard to tariffs and quantitative restrictions initially made great strides in the 1960s, certain areas, such as those related to inspection and standards, were perhaps slow to evolve. In any event, Japanese regulatory measures are

not of a discriminatory nature.

The package of administrative reforms, the preparation of which began under Prime Minister Yasuhiro Nakasone, while he was serving as a minister in the Zenko Suzuki cabinet, is directed to reduce government expenditure with a concurrent aim at deregula =:tion by eliminating or reducing excessive bureaucratic controls

The Office of Trade Ombudsman (OTO), established last year, specifically deals with complaints about invisible trade barriers. The door is open for

those who seek a solution to their problems.

There have been some disparaging remarks about the effectiveness of the OTO. A new institution requires time to establish a reputation and, in this sense, the OTO can only be effective if those who wish to import goods into Japan make use of it.

Certainly, there is no quick fix for increasing imports into Japan. Japan first began manufacturing perations when European suppliers, who had traditionally provided Japan with manufactured goods, became unable to do so with the onset of World War L Since then, intense competition in the bage domestic market (only 14 percent of Japan's gross national product is dependent on exports while most European countries depend on exports for one-third to one-half countries depend on exports for one-third to one-nail of GNP) has served as a great catalyst to upgrading product quality. Japanese consumers, who had preproduct quality and status apferred foreign goods for their quality and status aptic products. Japanese society has reached a level of relative affluence and most households are now equipped with a cor niences. Just as in the United States, when a given market becomes saturated, competition becomes more

While the rewards of success are substantial, Japan is a challenging and demanding market. Under our market system, where the price mechanism prevails, rewards go only to those who have studied the market, identified the opportunities, adapted their products to the needs and tastes of the consumer, and committed their time and resources to develop an effective business organization. Those who succeed do not usually

ness organization. Those who succeed to not usually tell potential competitors how well they are doing.

Some U.S. companies enjoy a major share of the Japanese market in regard to certain products. For example, in the field of high technology, IBM and Sperry jointly hold a 56-percent share of the Japanese while the field of large conserve competers while the field of large conserve competers. market in the field of large capacity computers, while market in the field of large capacity companies. It is also Schick razor blades hold a 70-percent share. It is also possible to cite other, more famous cases, and ones less possible to cite other, more randous cases, more sin the so, of those who have attained great success in the so, of those who have autamou great respect to in the Japanese market. Inose who have successful to in-Japanese market really should make an effort to in-form the U.S. public that the Japanese market is accessible and profitable for those who respond to the

• Is the U.S.-Japan trade deficit increase caused by the "closed" nature of the Japanese market?

Trade: A U.S. View with Japan, we in the United States

(Continued From Page 9S)

Again, the contrast is one of degree. Japan protects its consumers from products it does not even grow (for example, by grapefruit juice quotas and a seasonal tariff on bananas, both to protect its Mikan orange farmers). This ultrasensitive defensiveness against non-problems hurts Japan's credibility in other areas where it has legitimate concerns to be considered

A discussion of trade relations with Japan cannot be complete without touching on the issue of the yen-dollar exchange rate. I find it difficult to single out and accuse Japan of intentionally cheapening its yen in order to increase its international competitiveness, when U.S. monetary policy remains sub-ject to criticism as promoting an unreasonably expensive dollar. It is true that Japan finances its government debt at something less than market-clearing rates by more or less forcing its banks and financial institutions to buy this indebtedness. This artificially reduces the cost of credit and the value of the yen, but there is probably no country that does not artificially attempt to "induce" results out of its

monetary policy.

After all has been said, however, and despite our trade difficulties

Stock Exchange

(Continued From Preceding Page) canceled out what was looking like there could be some short-term correction from the 9,200 level. On more financial indicators, there is also room to argue that the market has temporarily overreached itself. The price-earnings ratio for the leading industrial companies as a whole during the first half of this year was over 27 times, near its high. That was before the further rise in prices in July and August, suggesting that shares are even more speculative now. Given the short-term volatility of the market, Tokyo is not a good place for investors thinking of the next few

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ement Over Manufacture more closely the situation in some European ming to Pa

The factor that most influences the flow of trade to between the United States and Japan is the strength or to weakness of consumer and industrial demand in each to

(Continued on Page 17S)

course.

JAPAN

Personal Savings Reach Record 80 Trillion Yen

tive of the Japanese housewife was shamoji-noken, the right to the rice ladle. This right symbol-ized her authority on how much of the staple food her family could consume and, by inference, gave her control over household finances.

Even when Japan was a feedal patriarchy when women bowed successively to the authority of the father, busband and son - most women were entrusted with managing the family treasury. It remained customary, even m modern times, for husbands to give their wives their unopened pay envelopes and let them decide how the contents should be allocated.

The advent of electronic banking has diluted — but only slightly — this traditional feminine right. Because wages are often paid directly into of the nation's personal savings, which amount-bank accounts and credit cards are easy to ed to 379,658 yen as of March 31, up 11 percent sobtain, it would follow that husbands would be freed from asking their wives for lunch and acigarette money. But a recent survey of several functions made by the Prime Minister's Office has revealed that traditions die hard and that in 79.4 per cent of Japanese households the wife still

By comparison, the survey found that women controlled the finances in 22.2 percent of Swedish home and II.5 percent of West German homes in many other countries, including the United States and Britain, the predominant re-sponse was that husbands and wives shared the

Japanese sociologists are unanimous in concluding that this continued female domination

The government encourages savings through deposits, postal savings and national bonds. Postal savings have a tax exemption on interest bolds registered only a 2.2-fold growth.

On deposits up to three million yen a person but

This relatively small increase in stock puron deposits up to three million yen a person but there is no effective ban on the opening of thus an important medium of tax savings. As a result, there are more postal savings accounts than there are people in Japan.

The outstanding balance on such accounts, principal and interest combined, reached 80.4 trillion yen in July this year for a fourfold growth in eight years. This represents 21 percent from a year earlier.

The same tax exemption applies to interest on passbook bank accounts that do not exceed three million yen. Personal deposits in banks almost matched those in postal savings accounts as they amounted to 80 million yen on March 31.

Interest on national bonds up to a face value of three million yen is also tax-free, in addition to that on five million yen in installment savings accounts intended to serve as personal pension funds for employed persons.

This bring to 14 million yen the total amount in bank and postal deposits and national bonds

on which interest is tax-free.

As the average annual income of Japanese households grew 3.33 times between 1970 and of household finances explains why the Japa-households grew 3.33 times between 1970 and nese save an impressive 21 percent of their 1980, savings per family increased 3.6 times

TOKYO — Over the continues, the preroga- disposable income, against 5.7 percent in the during the same period, according to government statistics.

If the amount of life insurance policies that generous tax exemptions on interest on bank were purchased during that time increased 3.15 times, the value of stocks acquired by house-

chases is attributed to the fact that the Japanese. accounts in several names. Postal savings are unlike individuals in other industrialized nations, do not look upon shares as a source of dividend income. The reason for this is that the yield on component stocks of the Nikkei-Dow Jones average, consisting of the 225 issues traded on the top-ranking first section of the Tokyo Stock Exchange, is only 1.4 percent. The yield for all other stocks is 1.7 percent.

As a result, individual investors in Japan hold

only about 30 percent of the shares.
With political and social conditions continuing to remain stable and with inflation being held to an annual rate of 2 percent, few Japanese find an incentive to buy gold, the favorite hedge of many of their Asian neighbors against natural ral or man-made calamities.

What, then, are the Japanese's motivations to

A Prime Minister's Office survey has shown that 70 percent do so to avoid finding themselves wanting in their old age. The increase in so-called nuclear families (consisting only of a couple and their children), brought about by rapid urbanization, has contributed to the erosion of traditional values calling on children to care for their aged parents.

-ROBERT Y. HORIGUCHI

Investment Overseas For Manufacturers **Beginning to Pay Off**

ous plants in Cardiff, Wales. Its

tional anthem sometimes, but that's all." Shunji Matsuoka, man-

aging director of Matsushita's Wales operation, said that produc-tivity in the British plants was low-er than in Japan but still good by British standards. One-third of Na-

tional Panasonic's sets are exported

toured Sony, Toshiba, Toyota and

Canon plants in Japan came back

they saw it, was not in the automa-

tion - for most of the machinery

standards — nor in the manage-

few were in evidence at the Japa-

ly made components. At present, National Panasonic buys about 70

percent of its components in Brit-

ain. Television sets are built with

minute, intricate circuitry welded

onto a chassis, or a board, so that if

one component fails, the chassis

has to be ripped out and replaced at

high costs. The repair bills can be

would hesitate to buy the same brand again. So with its reputation

at stake, National Panasonic decid-

ed to control the quality of every

British-made part that enters its

staggering that the consumer

Mr. Matsucka said that the Brit-

British executives who recently

to other EC countries.

By Tim McGirk Matsushita Electric makes its LONDON — Japanese companies of the companies of nies, makers of everything from sion sets and stereo timers at varivideo-cassette recorders to zippers, 500 employees produce 120,000 sets a year — and no one sings the drage of administrative relorms are attempting to surmount En-tach began under Prime Mineral trope's trade barriers by building while he was serving as a me without factories in the EC countries. company song. One shop steward said, "We may sing the Welsh na-

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to the reason of stress make

maki cabiner, is directed to the property on the landstone with a consumer and parts.

The Japanese are latecomers to even in overseas. internating or reducing enested. Europe. Their first step in overseas Mice of Trade Ombudana (production was in Asia, then Latin at year, specifically deal side America — both sources of cheap at year, specifically deal suit we labor. But as restrictions against sissible trade barriers. The dark Lapanese exports tightened in the o needs a sciences to the police United States and Europe, they behave been some disparating in the strong up plants inside the secrets of the OTO A as a countries of their industrial comme to establish a reputation mist positions, too.

I can only be effective if therei The camble has paid off. In the. sonds into Japan make used: last decade, the growing protection, there is no quick in few tionist attitude of European government. to Japan. Japan first beam say, renuments has prodded Japanese see when European supplies with firms to overlook their previous. printed live with mine reservations over the Common market of the with the state. Teservations over the common ment but simply in the brisk effective, intense c. apended a time and strike proper labor force. To tiveness of its shop-floor workers, then I a percent of laptimate many there are included than 100 laps. A British executive on the tour related percent of laptimate many there were the dependent of experts are fully owned or partly owned marked how in his plant there were the dependent of experts are suffered throughout Britain nearly 30 nonproductive workers. so depend on every for easist "plants spread throughout Britain" has served as a great colors, and Europe; their output is high, a muslity. Jupanese consumer and the quality of their goods has t quality. Language consumer and the quality of their goods has foreign given for their quintal stimulated their European compet-

indually turned to the small mer "itors." docts Jupanese when his note. Figures compiled by the Japanese affluence and most housest mese Ministry of International ed with a complete range dat. Trade and Industry show that disthecomes same and acapement and Spain increased from 5798 milfion in 1981 to \$876 million last Milenging Ind Committee mile into inanufacturing. This was did system, where the price many rected to West Germany, Britain, Luxembourg and France, in that

is 80 only to those who have suit. fied the consumers adapted to order. ods and lastes of the comment inds and tasks of the consumer which biggest money-makers for Jap-Consumer electronic goods are Tankazon Tak uho sumak arganization The was some amountains in empty, followed by amountains compensor between additional amountains in empty, followed by amountains an empty, followed by a mountains an empty, followed by amountains an empty, followed by and such varied manufactured annual sales of \$140 million) mita-

sales of \$4.1 million annually).

y centis et in the fire the fire the fire that the fire t ble to cite other Exteriormonicast, ble to site site and and point into EC countries. Most Jap BEST TEXTECT TO A SHO LIKE SET those and the shall make a schooled in English, and market expertise acquired in the United area market scanned best. the U.S. partition has the larger suited to Britain. There are 26 Japis the C. S. Land and J. Flatter with at least another two—
the control of the clevetor and Fujitee, the elevator and figure that the clevetor and the cleveto

en the land Sales and Japanese investment in Britain rose from \$110 million in 1981 to \$176 million in government complains that the Japanese manufacturing projects are simply "screw-turning" ven-tures that do not provide enough jobs. The government is peeved be-cause it offered the Japanese tax incentives to settle in high-inem-ployment regions. In 1960 and 1981 new Japanese manufacturing operations created 2,400 jobs, while last year the figure fell to only

> Some Japanese firms are worried mon Market may in the future hamper the entry of their Britishmade products into the rest of Europe. There were persistent reports last year, for example, that Nissan intended to cancel a £500-million car plant project if the Labor Party had won and decided to pull Britam out of the Common Market However, Nissan's British adviser, Lord Marsh, denied that this factor entered into the company's considcraticos over whether to build a 20,000-car-a-year plant on En-

gland's cast coast At first, arriving Japanese executives and Britain's labor force ratio to 47.4 percent. viewed each other with mutual dread. However understanding the Japanese may be of Britain's own cuppa tea ceremony, one Japanese businessman was appalled recently

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stunned. The Japanese secret, as parts, National Panasonic's management has often found itself on a improve performance by example. determined quest for reliable subthey saw was old even by British contractors

Electronics makers in Japan aim for an impossible 100-percent perfection, but British - and most European - manufacturers aim. marked how in his plant there were nearly 30 nonproductive workers lower for an accepted quality level.

British electronics companies such as Thorn or Plessey often find their attempts to improve produc- act as special adviser on the longtivity thwarted by stodgy unions that fight automation and resist ish assembly line worker was just as fluidity in the labor force.

talented as his Japanese counter-part. "But in Britain," be said, But both Sony and Matsushita there is a poor attitude toward struck an agreement with the Trade concentration on work and the de-Union Council that limited emtermination to achieve a good ployees to one union.

Without that agreement, it is This lack of concentration shows doubtful that these Japanese giants most in the patchy quality of localwould have settled in Britain.

In class-conscious Britain, members of the General and Municipal Workers Union were surprised to see Japanese managers on the shop floor, sharing the canteen facilities and wearing the same uniforms as

At National Panasonic's Cardiff plant, only the managing director, Mr. Matsnoka, has an office with a door, Discipline is strict - workers arriving even one minute late lose some pay and a weekly bonus wages are slightly lower than in British electronic plants and, as a plants: Any flawed component is British electronic plants and, as a sent back to the supplier with a result, the job turnover is far higher detailed explanation of what went than in Japan.

Japanese executives - and National Panasonic has 15 of them in Since the Japanese company's British subsidiary finds itself re- Cardiff - are careful not to dejecting anywhere between I percent mand family-style loyalty of their to 50 percent of its locally supplied British employees.

Instead, they feel that they can

Matsushita first began exporting its electronic products to Britain in 1972; since the National Panasonic plant opened in 1976, sales have increased by 700 percent.

Andy Imura, managing director for the company's overall opera-tions in Britain, has even been asked by the British government to term plans of the local electronics industry because of National Panasonic's brilliant record.

However, not all Japanese forays into Europe have automatically been successful. As yet, no big Japanese ventures in Europe have been forced to shut because of the recession, but, according to trade officials in Tokyo, few are makingcomfortable profits.

Some European manufacturers - Thorn in Britain and Aifa Romeo in Italy - have chosen to join their former Japanese competitors in specific projects.

Others, however, complain that the flood of Japanese products on the European market - some of them put together with the bare minimum of local parts to avoid the trade restrictions --- are jeopardizing industrial recovery.

So Japanese firms may find

themselves having to use more locally produced goods at the expense of quality. Although they may be forced to use more locally made goods in Europe their desire for perfection in manufacturing has helped to improve the general quality of manufactured goods.

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Trade Issues: A Japanese View

(Continued From Page 16S) country. U.S. exports to Japan have been facilitated

over recent years by measures taken to further open the Japanese market. Although these measures have not been dramatic individually, they have been taken gradually and steadily and their accumulated effectiveness is certainly evident.

Japanese imports from the United States doubled in value from 1974 to 1981, at the same rate as its exports that Britain's feud with the Com- to the United States. The year 1979 recorded a 36percent increase in imports from the United States, while Japanese exports to the United States during the same year were only up 9 percent.

During 1982, when the world recession greatly ham-

pered world trade, U.S. exports decreased globally by 9.2 percent, while only by 3.9 percent in relation to

Nearly half of Japan's imports from the United States are industrial raw materials and foodstuffs that are not subject to customs duties. Their magnitude directly reflects industrial and consumer demand.

In 1981 Japan's manufactured goods import ratio from the United States was 45.3 per cent. In 1982, while total imports from the United States decreased by 4 percent, manufactured goods imports maintained the same level (about \$11.5 billion), increasing the

Much has been said about the manufactured goods import share being lower in Japan than in other industrialized countries. Japan's extreme scarcity of land area and natural resources makes it imperative to import most of its needs in raw materials and foodwhen union members at British stuffs. It stands to reason that Japan's ratio of primary Leyland closed down a plant for product imports is bound to be higher than that of several weeks because management other developed countries. The manufactured goods tried to eliminate a 15-minute af- import share has fluctuated between 22 percent and 26 ternoon tea break. The idea of percent in recent years, Japan's energy import bill performing early morning exercises amounts to almost half of its global imports. Even a to the company time was equally small savings in our oil consumption increases the manufactured goods imports ration.

Japan, with 10 times the GNP of Switzerland, imports an amount only equal to that of Switzerland, while the United States, with 22 times the GNP of Belgium, imports only twice as much as Belgium. Small countries with advanced economies are relatively more dependent on the international economy than are larger nations.

It is obvious that the share of manufactured goods to total imports for widely industrialized countries such as the United States and Japan cannot be compared with that of countries like Switzerland or Belgium where the structural aspect is quite different. The assertion that the main cause of the deficit lies in the "closed nature" of the Japanese market is substantially overstated.

 Is competition from Japan the main cause of U.S. unemployment?
U.S. industry is undergoing structural changes from

the labor-intensive sector to the high-technology and service industry areas. Except for the housing sector, where unemployment was caused mainly by high mortgage rates, these structural changes coupled with the increase in new job-seekers, a result of the trend toward two-income households, have contributed to the imemployment situation.

Undoubtedly, there are sectors of U.S. industry that had lagged behind in productivity because of overly permissive wage policies and lack of reinvestment for upkeep and modernization. Some U.S. sources sugned in 1980 that perhaps these sectors have suffered in the face of foreign competition. The steel and automobile industries represent typical cases where the Japanese have the edge over their U.S. counter-parts. Because of their visibility in the U.S. economic, social and political scene, it was easy to cite Japanese imports as the cause for unemployment. Some U.S. sources suggest that perhaps the loss of about half a million jobs may have been related to Japanese competition. This would represent only about 6.5 percent of the total unemployment figure of 7.5 million for

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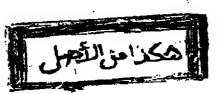
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(Communed on Page 178)

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EUROBONDS

By CARL GEWIRTZ

CHEST CURRENT Strong Rany Experising Drop in M-1 Figure avertibles having a composite rally in Euroboad prices is assured this remains of less than 100 ft Surprising Drop in M-1 Figure

PARIS—An explosive rally in Eurobond prices is assured this week

To service the parish only to catch up with what happened in the last minutes of

racing in New York Friday.

In a matter of minutes, following the stunning surprise of a \$2-billion irop in the M-1 measure of money supply amounced by the Federal Reserve, short-term interest rates dropped ¼ to ¾ of a point and longterm bond prices soured 2 percent

The latest Fed data showed that all three measures of the money supply are now well within the targeted growth range, leaving ample room to accommodate the big bulge that is expected to be reported in the coming

weeks. As a result, the only ques-Eurobond Yields
For Week Ended Sept. 7
Int'l Inst. le term U.S.S..... con that analysts now have is. whether the Fed will cruise in neu-tral or whether it is already stepoing on the monetary gas pedal.
But for the capital markets, the debate crases the immediate worry

that short-term rates could harden and that bond prices might fall.
Eurobond dealers, noting the firm undertone to prices, were say-Explanation of Symbol lacked was an excuse to rally. ing last week that all the market

Whether this transmiss and food of new issues is less clear.
Investment bankers report that Whether this translates into a most borrowers prefer to hold back, waiting for still lower interest rates -- not more than 11 per-

cent for 10-year money. Another

sa stumbling block is the amount of money available to buy Eurodollar bonds when the dollar is already so high on the foreign-exchange market and more likely to decline than to increase

Euroclear

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Market Turnover

6,945.00 5,911.10 1,053.90 7,987.00 7,491.40 495.60

According to estimates of Orion Royal Bank, some \$5.5 billion of interest and principal repayments will be available for reinvestment in the Eurobond market over the coming eight weeks. An estimated 70 percent of this will be in U.S. dollars. But given the narrow edge that dollar-bond compons have over bonds denominated in Deutsche marks or European Corrency Units, investors may well focus on potential exchange-rate moves to guide their investment strategy.

Options Offer Incentive

For the gambling public, there is some incentive to remain in dollars: the options now on sale to buy long-term U.S. Treasury bonds. If U.S. interest rates continue to fall, the rise in the price of the Treasury bonds - and especially the options due to their leverage - could more than balance the exchange risk factor.

Options owe their leverage to the fact that a small cash outlay of some \$40 locks in the purchase price of a \$1,000 security.

The latest version of this new fad to hit the market comes from First Boston. It offered to sell for \$38 a call option to buy at any time over the next 18 months a \$1,000 Treasury band bearing a coupon of 10% percent at a price of \$960. The current market price to buy those bonds, which mature in the year 2012, is \$893. The call option ended the week quoted at

The First Boston options, or warrants, are a long way from being what is called "in the money" — where the holder would profit from exercising the option. The assumed attraction is the fact that the option is good for the next 18 months.

First Boston also offered an equal number, 250,000, of warrants to sell the same Treasury bond at a price of \$840. These put options, the first to (Continued on Page 21, Col. 5)

IMF Stresses Need to Sustain, Spread Recovery

By Hobart Rowen

WASHINGTON - The International Monetary Fund, in a generally upbeat report citing improved confidence in the global economy, said Sunday that the "pressing task" is to assure that economic recovery under way in the United States and other nations can be sustained and spread to those parts of the world still in recession.

But IMF officials, discussing the annual report before a joint annual meeting here with the World Bank starting Sept. 27, acknowledged that the overall outlook for the Third World remains gloomy.

It said that inflationary pressures and high interest rates have abated in major industrial nations, but warned that Third World countries, facing up to \$600 billion in foreign debts, would still have major problems with inflation, and must deal as well with protectionist plans established by the richer coun-

Over the next several years, the report said, commercial bank loans are likely to be at best moderate, and governmental aid bilaterally or through such international institutions as the IMF or World Bank is "likely to be quite

It suggested that the hig debtor-nations in the Third World should try to attract direct private investment that not only might increase productivity, but would include a transfer of modern technology and skills.

The report expressed concern over recent wide swings in international currency rates. and urged close cooperation among its members to reduce them.

It ducked the question of the utility of intervention in exchange markets to dampen these swings, commenting that intervention by itself has little effect on exchange-rate expectations "unless private market participants have reason to believe that authorities are willing to continue to intervene, and if necessary to modify domestic policies, to hold an exchange rate to a target."

In assessing advances in world economic conditions since its report a year ago, the IMF cited progress among industrial nations in reducing inflation, and substantial declines in interest rates.

On the negative side, the IMF report noted that the total output of the industrial countries last year fell for the first time since 1975, that unemployment had risen to post World War II highs and that world trade volume fell

The report said that the U.S. current account, the broad trade measure that includes merchandise and nonmerchandise items such as services, which had shown a small surplus in 1980 and 1981, had moved to a deficit of \$11 billioo in 1982.

In contrast, West Germany and Japan recorded swings from heavy deficits in 1980 to moderate surpluses in 1982.

The report said that considerable progres had been made in cutting deficits in Third World countries, excluding oil producers. From a peak of \$108 billion in 1981, this group's aggregate current account deficit dropped to \$87 billion in 1982 and the forecast for 1983 is for a further drop, to \$68

On the other hand, the report again emphasized that "many of these countries are now confronted with much more cautious attitudes on the part of international lenders, and that their circumstances thus require policies designed to give their creditors grounds for confidence in their capacity to bring their external obligations and resources into better

The combined current account surplus of the oil producers, which reached a peak of \$114 billion in 1980, dropped to \$65 billion in 1981 and disappeared altogether in 1982.

Despite M-1 Fall, Fed May Be Slow To Ease Its Policy

NEW YORK - Although bond prices have risen sharply each of

the past two Friday afternoons after the Federal Reserve Board had announced unexpected moocysupply declines, analysts noted that Fed policy may not change as swiftly as some in the credit markets would expect.

The Federal Reserve reported Friday that the narrowest measure of the U.S. money supply — M-1 — fell an unexpectedly sharp \$2 billion in the week ended Aug. 31,

U.S. CREDIT MARKETS

and said that two broader measures of the money supply were kept well under control during August. M-l is a measure of currency in circulation and money in checking and

similar accounts. The credit markets responded dramatically to the report. Prices on government bonds scared im-mediately after the Fed's late-afternoon announcement, and rates on shorter-term government securities plunged.

According to Money Market Services, a San Francisco company that surveys the market, before the figures were released Friday, the majority of traders had expected M-1 to climb by as much as \$1 billion. Earlier in the week, some estimates of growth had been as high as \$2 billion or \$3 billion.

As a result of the M-1 report, the price of the government's beliwether 30-year bond surged to 104 5/32

U.S. Consumer Rates For Week Ended Sept. 11

Possbook Savings. 5.50 % 6-Month Sovings Certificates... 9.69 % ney Market Funds noghue's 7-Day Avenag 8.78 %

.13.19 % following the money-supply an-

nouncement, up almost 2 points from 102 10/32.

After the announcement Friday the dollar dropped in New York to 2.6724 Devische marks from 2.6795 the day before and to \$1.494 against the pound from \$1.4915 hursday.

During this summer, Fed watchers have flip-floped between pre-dictions of a tighter Fed policy with higher short-term rates, and an easier Fed policy with lower shortterm rates. Now that all measures of the money supply are within the central bank's annual targets for the first time this year, the consensus is that the next move by the Fed will be toward lower rather than

However, the economy is expanding at a more modest rate than in the second quarter and inflation is not yet rising enough to alarm the credit markets, "the Fed does not have any orgent need to change the course of monetary policy," said Alan C. Lerner, senior vice president and money-market economist

at Bankers Trust Co. Moreover, he warned in a recent publication, "the pace and scope of borrowing by the federal govern-ment is relentless, and it is occurring in a growing economy which is generating its own requirements for credit. Any analysis of the prospects for the markets ultimately must contend with this overwhelm ing negative factor."

The latest data rule out "any tightening by the Fed in September for sure," said Cengiz Israfil, vice president of Morgan Guaranty, But he added: "Easing at this time would be premature because it would increase the risk of having to tighten in 1984, an election year.'

Merrill Lynch Sees Substantial Drop in Earnings

By Michael Blumstein New York Times Service

NEW YORK - Merrill Lynch & Co. has said it would report "substantially lower" earnings in the third quarter compared with the similar period last year.

Analysts said that the primary reason was a relatively poor showing by the company's brokerage arm, and added that other Wall Street firms may face the same

Merrill, parent of Merrill Lynch, 1982. On Thursday, Perrin H. Long Pierce, Fenner & Smith Inc., the largest U.S. brokerage firm, said only that revenue growth had slowed while operating expenses continued to climb.

lower earnings would oot be the drop in oet income from the first result of unusual write-offs or special charges.

Adjusting for a June 2-for-1 \$1.23 a share, in the third quarter of its huge debt load.

Jr., an industry analyst with Lipper Analytical Services Inc., predicted third quarter earnings this year of 75 cents to 80 cents a share. In the second quarter, Merrill The company said Friday that Lynch had reported a \$14.7-million

to be the result, in part, of reserves set aside for ootes of Baldwinstock split, Merrill Lynch reported United Corp., a financial-services net income of \$100.3 million, or conglomerate trying to renegotiate

dicted by Merrill Lynch. The problem, he said, is that trading in fixed-income securities, including government and municipal bonds. has slowed since last summer, when interest rates were dropping sharp-

Mr. Long said the "whole bro-kerage business" was likely to face

the same decline in earnings pre-

In addition, he said, trading in stocks has slowed, while expenses have continued to rise.

U.S. Planning to Halt Imports of Restricted Specialty Steel

By Stuart Auerbach

WASHINGTON - The United States is slamming the door on imports of three categories of specialy steel until mid-October because foreign suppliers speeded up ship-ments after President Ronald Reagan had imposed worldwide quotas July 5, U.S. officials say.

U.S. trade officials said foreign suppliers stepped up their ship-ments in an effort to get as big a

for individual countries.

As a result, the quotas set for the first 90 days of imports already have been filled for one category of specialty steel and are close to being filled in the other two categories, U.S. Customs Service officials reported Friday.

The quotes took effect two weeks after they were announced, and the first 90-day period does not end natil Oct. 20.

Industry executives said cutting the flow of imports until that peri- talks with the Japanese are expect- world."

help domestic sales. But the abrupt ban on imports is

expected by trade officials to force overseas suppliers into quick negotiations oo orderly marketing agreements that would guarantee them a fixed share of the U.S. specialty-steel market.

U.S. negotiations are scheduled to start this week with Canada, Sweden and Austria, which have indicated an interest in reaching such marketing agreements. And

Japan's major in-

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partners, and credit analysis capabilities

have been honed to a fine professional edge.

cials visit Tokyo before Mr. Reagan's trip there in November,

The European Community, however, has decided to take another route - demanding compensation for losses that its members suffered because of U.S. restrictions on steel imports from its companies.

Mr. Reagan ordered quotas on specialty-steel imports for the next four years because of what he called "the pervasive nature of unfair trading practices around the

official, said imports of stainlesssteel wire rods reached their 90-day limit on Tuesday. All shipments received since then are either being turned away or placed in bonded warehouses until the next 90-day period starts.

As of Thursday, 91.6 percent of the 6,750-ton, 90-day quota for imports of steel bars and 86.8 percent of the 5,600-ton, three-month quota for alloy tool steel had been shipped into the United States, officials reported.

Focus of Lending Will Shift to Asia, Bankers Say

12.91 % 12.56 % 13.51 % 13.43 %

7.58 % 12.03 % 10.48 % 10.59 %

By Carl Gewittz

PARIS - The focus of international bank lending for the rest of this year will shift to Asia, according to a sampling of loan officers of major U.S. banks in Europe and Asia interviewed by telephone last

The only question that they have concerns the volume of funds that will be available and that, the bankers say, depends on how active European banks are in the final months of this year.

So far this year, the Europeans have sharply reduced their overall leading. According to estimates provided by the Euromoney Syndication Guide, lending by European banks is running about 60 percent below that of the year-ago level.

The bankers forecast relatively light demand for new money from European borrowers - mainly France, Spain and Portugal. Belgrum, which had been expected to tap the market later this year, is now seen waiting until next year to tap the market unless lending conditions are made irresistibly favorable. And the Nordic countries are said to have virtually completed

their 1983 borrowing programs. Irresistible terms were offered last week to Sweden, which launched a £250-million syndicated loan and within hours doubled the amount to £500 million. The appeal for the Swedes was the low margin of % point over the London interbank rate for the first two years and half a point over the interbank rate for the remaining four years.

Sweden was attracted to the potentially long 12-year maturity. If lenders agree, after the third year, the life of the loan could be extendcd another three years. The margin would remain at 1/2 point over the interbank rate and lenders would be paid a 16-percent extension fee. 4-percent for. The margin would rectly from the banks. Banks are offered a fee of 0.05

SYNDICATED LOANS

percent on the amount that they underwrite and 0.25 percent on the amount that they take if that is £20 million or more, or 0.225 percent on a take of £15 million.

The Swedish plan, according to lead manager Samuel Montagu & Co. is designed to fit the need of the foreign banking community in Britain searching for sterling-denominated assets (and earnings to point pay the rent) to fill the gap left by rate.

could extend the loan for a final the runoff in loans to local authorithres years, with lenders earning a ties that no longer can borrow di-

The rundown in the loan portfoho of banks has forced them to rely on issuing acceptances, but the Bank of England is asking for a better balance between loans and acceptances, and with the economy still slack there is little domest loan demand for the banks to fill.

Officials at Montagu also note that the banks' access to sterling deposits provides leaders with a cheap source of financing and thus the real spread to the banks can be considerably more than the %-

thought to have disappeared from the dollar sector of the market, the Bank of Thailand last week demonstrated that that was not the case. Its \$200-million, eight-year revolving standby facility is being syndicated with a margin of % of a point over the interbank rate.

The catch here is that the facility is out expected to be used. The Thais have a \$250-million standby organized 18 months ago that is still unused and they say that they do not intend to draw on the new one. If they do, they will be charged an additional 1/16 percent if the point margin over the interbank average amount drawn for the year (Continued on Page 21, Col.1)

U.S. Seizure of Florida S&L Voided

MIAMI - A judge has ruled

that U.S. regulators acted improperly in seizing the Biscayne Federal Savings and Loan Association in April and must return it to stock-holders. The judge called the order The Federal Home Loan Bank

Board, by conducting "negotiations wrapped in a shroud of de-ception," blocked the owners' attempts to rescae Biscayne, the U.S. district court judge, Eugene P. Spellman, said in his ruling Friday. The bank board, which regulates

savings and loan associations, was instructed to meet with the stockholders within 30 days to devise a plan for restoring Miami-based Biscayne to its former owners. Meanwhile, the bank board will continue to own and operate the institution, a situation that could go on during an appeal.

However, the judge said that his 125-page opinion was not a final A similar exercise three years later judgment and that may prevent the

bank board from appealing the de-cision until the talks with shareholders are completed.

The final ruling is to be made only after the two sides present a plan of action for turning the bank back to its owners. If the regulators refuse to participate, the judge would include his own plan of action in a final ruling. Judge Spellman said he would

try to issue the final ruling at a mearing scheduled for Nov. 21.
Martha Gravlee, a bank board spokesman, said Thursday night

hat there was "a strong likelihood" that the ruling would be appealed. Biscayne, the sixth-largest sav-ings and loan association in Florida, with assets of \$2 billion, became insolvent in July 1982, mostly because of heavy losses related to unfavorable interest rates. It had a negative net worth of \$29.6 million on April 6, the day that the bank board placed it in receivership. It reopened on April 7 as New Biscayne Federal, under government

If Biscayne is returned to its former owners, it would set a precedent, the judge said, "since the few **CURRENCY RATES** courts that have dealt with this statute governing improper scizures interbank exchange rates for Sept.9', excluding bank service charges over its 50-year history have never restored an insolvent institution to

> Following an emergency meeting of the three-member board Friday. Edwin J. Gray, the chairman of the board, issued the following state-

> "New Biscayne will open its doors for business as usual on Monday morning and thereafter. All insured deposits are, and will to the insured accounts of New

> A bank board spokesman said "the court ruled that the board had abused its discretion in appointing a receiver, and has ordered removal

has entered no final judgment, and has indicated that the status quo remains in effect pending further discussions and negotiations."

Richard T. Pratt, who was the chairman of the bank board when it decided to close Biscayne Federal said: "I haven't seen the decision and would prefer to reserve my

Mr. Pratt is now president of Merrill Lynch Mortgage Capital

Inc. in New York.

Kaufman & Broad Inc., a Los Angeles-based housing and fmancial-services company that owned 25 percent of Biscayne, negotiated with the bank board from September 1981 to early April in an attempt to arrange a rescue.

Biscayne had proposed selling eight of its 34 branches to Califor-

mia Federal of Los Angeles for \$56 million to resolve its financial Kaufman & Broad argued that bank board staffers had decided in January to reject the sale but never

told Kaufman & Broad and failed to provide rules on what type of rescue plan would be approved. The bank board responded that only the three board members -not the staff -- decide policy and

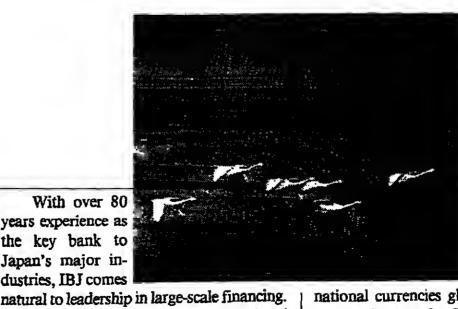
Judge Spellman ruled that board members in fact vested their staff with decision-making powers and therefore the board is accountable.

therefore statements by staff mem-

bers to Kaulman & Broad were not

"An agency of the government which falls to establish rules, regulations or policies that govern the conduct of the board and its staff continue to be, fully protected. The and which fails to enact guidelines Federal Savings and Loan Insur- and standards governing those ance Corp. is prepared and is fully whom it regulates should not be capable of meeting its obligations permitted to defend the impropriwhom it regulates should not be ety of its staff conduct by invoking legal formalisms that allow only the board to establish policy or that permit only the board's actions to be open to adjudication," Judge

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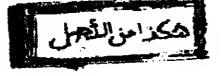
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•	European Community	ecu70	1993	111/2	1001/2	11.16	Fir fur yr
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life of six months, ended the week trading at \$14-\$16. stors can reducts at pay after fifth

correct is to buy into a \$1,000 of the U.S. Treasury's 10%s of

ch worront is to self a \$1,000 note of o U.S. Treasury's 10%s of 2012 at 84. reased from 150 million dollars.

ver 6-month Libor. Minimum coupon Mar o mount upor measure in colore or in original or in one colore or in original or

indicated at 4%. Redemption ice, if held to final maturity, will be at eminum of 6% to give yield of 4.76% r life of band. Price to convert into on stock expected to be set of

lable in 1990 at 1011/2. Bullet.

note of the government of Canada's 0%s of 2004 at 87%. irst callable at 101 in 1989. Sinking

and to start in 1989 to produce a 6.5

50,000 warrants to buy Canadian government bonds — the 104s of (Continued from Page 19) be sold in this market, were offered at \$21.50. The puts, which have a 2004—at a price of 875 Canadian dollars. No such options exist in

Canada, and North American investors are reported to have scooped up a substantial portion of

Options can be bought in the United States, but for only three months or six months and that market is not very liquid. In addition, the options offered here are listed on an exchange, a requirement of many institutional inves-tors. An added convenience is that these options trade during the Eu-

ropean business day.

No one outside the issuing houses can say how much they make selling these options — their profit being a function of how they manage their exposure to come up with the bonds if the options are ever exercised. Given the rush to sell such options - Salomon Brothers, Merrill Lynch and Drexel Burnham have already offered their versions - it can be assumed that there are substantial profits for the issuers.

What is less clear is how many options have actually been sold. Here again, only the issuer will ever know. But it was learned that in at than 10 percent of the initial offering was actually taken up.

Sale was not a problem for the latest Merrill Lynch innovation,

The options, which run for six months, were offered at 25 dollars. With the actual price of the bond at 872_50 dollars by week's end, the price of the warrants soared to a high of 32 dollars before closing at 29 dollars bid, 31 dollars offered. Iraemational Revald Tribune

Easier Japan OTC Rules Seen

TOKYO - Japanese over-thecounter stock-trading registration standards will be eased substantially under new regulations expected to take effect in November, according to securities industry sources.

The starting date and new stan-dards will be decided at a board meeting of the Securities Dealers Association on Sept. 16, the sources said Friday.

The new regulations, along with a planned expansion and sophistication of the market, using computer information systems, will widen fund-raising channels for small, fast growing enterprises and least one of the previous sales, less provide broader scope for investors, they said.

company with prospects of a listing cent from 14.5 percent, effective on the stock exchange would be Friday.

allowed to make a public offering of new stocks equivalent to a maximum 30 percent of its outstanding issued-share volume. At present such companies are allowed no

public offering, the sources said. The company would have to 50,000 shares a month for the preceding three months, they said.

Australian Bank Cuts Prime

MELBOURNE - Australia and New Zealand Banking Group Ltd. said Friday it will lower its Austra-Under the proposed rules, a lian prime lending rate to 14 per-

EC Ministers Seek **Explosive Eurobond Rally Expected** Joint Studies on World Economy

CEPHALONIA, Greece - Finance ministers from the European Community agreed Sunday to explore ways to stabilize the world economy but rejected the idea of a major overhaul of the international financial system.

The ministers, meeting along with their central bankers to find a joint approach before the IMF's annual meeting later this month in Washington, focused their talks on the soaring value of the dollar, high U.S. interest rates and the acute debt problems of poorer nations.

Afterwards, Britain's chancellor have reported more than 10 yen in of the exchequer, Nigel Lawson, after-tax profits per 50 yen share, said the ministers would propose and trading volume of more than joint studies with the United States and other Western industrialized nations on whether more money should be injected into the world economy to help developing nations, the dominant role of the dollar on international money markets and the future of the International Monetary Fund.

But he said there was "no question" of trying to set up a new international monetary system. The present problems could have arisen under any system," he said.

Focus of Lending Will Shift to Asia, Bankers Say

totals 25 percent to 75 percent of turn, the Thais are wise" to lock in the total and an additional 1/4 percent if more than 75 percent of the they are available. credit is drawn. Front-end fees total about 1/2 percent, bankers re-

.57 1.20

"The terms are exceedingly good," said one Hong Kong based

269 people killed in the shooting

casualty from the airline, and could

receive substantially more if they

can show in court that the airline

was guilty of "willful misconduct,"

court of appeals decision currently

according to legal experts.

NEW YORK - Survivors of the conduct.

down of a Korean Air Lines jettiner and said, We were delayed in An-

eligible to receive up to \$75,000 per, and so cut corners, this may be

ty Law School

by the Soviet Union Sept. 1 are chorage, we have to make up time,

Moreover, under a recent federal would suffice is uncertain.

non appeal to the U.S. Supreme in interviews that survivors might

Court, the current ceiling on carrier also be able to sue for compensation from the Soviet Union, the precoveries above \$75,000 even manufacturers of the Boeing 747

to \$500 million.

operation as a floating-rate note. This will carry the standard margin of ¼ point over the interbank rate, but front-end fees (still being nego-tiated on Friday) will raise the return to lending banks substan-

five or seven years.

In addition, bankers do insist that floating-rate notes draw money from lenders who would not participate in syndicated credits.

> Consolidated Trading Of NYSE Listings

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banker, "and as the market could \$250 million. But it is disguising its be able to request redemption after

without a showing of willful mis- and the navigation equipment and

these favorable conditions while

Next to tap the market from Asia will be South Korea's Development Bank, which is expected to seek up Indonesia is currently raising

Lawyers Seek Ways to Sue Over KAL Plane

"If the pilot looked at his watch

willful misconduct," said Andreas

Lowenfeld, an expert in aviation

who teaches at New York Universi-

Whether mere navigational error

Lawyers involved in the case said

Holders of the 10-year paper will

the governments of the United

Union are not expected to meet

with success, experts noted, there is some precedent for compensation

arrived at through international

diplomatic pressure, the course

presently being taken by the Rea-gan administration. Families of the

victims were invited Friday to meet

with government officials to dis-

Treasury Bills

cuss compensation possibilities.

While claims against the Soviet

States and Japan.

The exclusion, so far, of capital-

market transactions such as floating-rate notes from the reschedul ing operations of Third World debtors and the at least theoretical ability to sell such holdings in the secondary market account for the appeal of FRNs over syndicated

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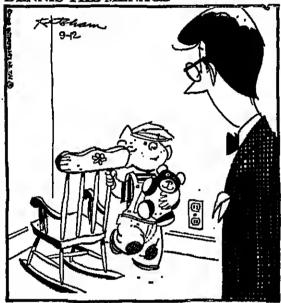
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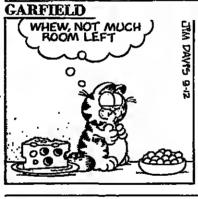
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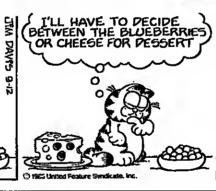














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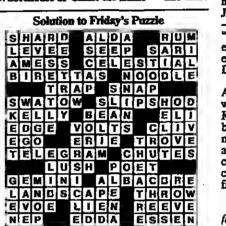
Reviewed by Frederick Busch

A LL modern American literature comes from one book by Mark Twain called 'Hockleherry Finn,' Ernest Hemingway wrote in "Green Hills of Africa."

Greg Matthews, an Australian, in his first novel writes a sequel to Twain's great "Adventures of Huckleberry Finn." Matthews has read Twain ardently and no doubt he has read Hemingway too. But he overlooks the implications of "modern" in Hemingway's famous statement. Hemingway wrote about the American fiction he was helping to make in response to Twain and to the spirit of America. But he also wrote, and wrote about, a fiction that Twain helped to define for Hemingway. It had to do with a young man's loss of his father, his attraction to and flights from figures of the mother; and that young man's utterly American journey to the dark frontier (a psychic as well as physical one) in the absence of women, wen as physical one in the absence of women, but in the presence of the other-colored companion and guide. (Think of Hemingway's "The Battler," Cooper's Narty Bumppo and Chijgachgook, Melville's Ishmael and Queequeg.) Hemingway's comprehension of, and love for, Huck Finn's adventures was intense. American, both personal and literary, and was made palpable in his fiction.

While I intend no disrespect for Matthews

he has labored long and hard, and he has
mastered much of the apparent sound of Twain — his sequel echoes none of the person-al or cultural resonances to which I allude. It strikes me that nearly any intelligent reader or writer can digest some Twain and emerge with such lines as, "Dirt on its own's a mighty good thing..., and water on its own is mighty good too, but when you mix 'em together you get mud." This is what Matthews does: he mines a less of marks and mixes a lot of events and conversations and remembered Twain together, and he emerges muddied. He ventriloquizes for 500 pages. After the Widow Douglas's house burns down—the fire gets rid of the burden of Jim's family, freeing Jim and Huck to journey on —our lads make their way with Forty-Niners to the Cali-fornia gold rush. We find once more that Huck is in drag, that religion's a sham — there is a Whorehouse of Christ the Lamb — and there



patilova () some amusing though not inspired doggers!

Jim is in and out of danger because of American bigotry; sex is alluded to; Huck on and of sees signs, and then the person, of his "dead"

John Seelye's "The True Adventures of Huckleberry Finn," published in 1970, is an intelligent critic's response to other critics as well as to Twain; it listens to Hemingway's further comment to the Twain — "If you read it you must stop where the Nigger Im" — stolen from the boys. That is the real end" — and it conclodes with a devoted nod to Herningway.

It is moving literary criticism in fictional form.

But Matthews writes as if nothing in Twain or anywhere else were moving. He "speaks" of ealing, to be sure; but be evokes little; and his humor is capable of oastiness. Jim's family must be got out of the way so that the seque can progress. Matthews burns down the Doug, las boarding house where the family lives and works. Our lads are of course out of danger, Jim mourns the deaths and reminds us that Elizabeth, his daughter once thought to be deaf and dumh, has recently recovered her hearing.
He says, "Po little 'Lisabeth. Now she ain't ever goin' to talk." Huck — out of all the reactions Matthews could have conjured reminds us of his distaste for school, not the deeper humanity that Twain makes clear again

Finally, the ghost of Pap becomes Pap-net-really-dead Pap, in Matthews' book, is a shal-low, cunning wastrel. As such, he loses the force he had in the original. A ghost is of course, less frightening if it is subsequently seen as natural; in Twain's book, Pap was, alive or presumably dead. presumably dead, a nightmare figure out of childhood's deepest terrors. Now, in Man thews' book, he is only a second-rate crook. In novels, such unfinished business as fathers presumed — hut not surely known to be — dead, their apparent ghostly signs, take on mythic force and mystery. Such matters propel and motivate, and they enlighten us about the original Huck Firm In the second the motivate. original Huck Finn. In the sequel the protagooriginal riuck rum. in the sequel the protago-nist responds to a plot that is only on the surface — Pap is alive and a onisance and a threat — for it is made by language and event, bot is made of nothing that is within the being of the boy. Pap's life in the sequel is less real than his authentic feeling absence and shorth. than his anthentic-feeling absence and ghostliness in the original.

Twain once considered writing a sequel to his "Adventures," in which Huck would he a mad old man. Twain's Huck is more likely to have been a persuasive Ahab than Matthews Jim would be a Queequeg or Huck an Ishmael

— and Matthews does threaten a sequel to "Moby Dick" on his final page. To him, apparently, all American fiction is susceptible of endless visits and revisits, a kind of literally

Disney World.

Why oot, then, a sequel to "Farewell to Arms?" And then a sequel to Papa's Africkin writings, with a sequel Papa saying to a sequel Kandisky that all modern American sequels begin with a sequel to "Huckleberry Fire?" A begin with a sequel to "Huckleberry Finn," A novel must feel necessary to live and work. P am woodering, then, without wanting to be as. cruel as Matthews is to Jim, why his nover came to pass, and then survived its author's fiery gaze. and the state of the

Frederick Busch, an author, wrote this review for The Washington Post. - 223 2

BRIDGE

By Alan Truscott

ON the diagrammed deal would oo doubt have continued hearts at the second trick if four spades. South's two-dia- could have done so safely. mond bid was an artificial probe, and located North's ment in the analysis: West had three-card support.

smitted to a club. South won in his hand and led a low spade. West put up the ace and played another club, hoping that his partner would be able to ruff. South won with the acc and drew trumps. Now he had to diamond. As it happened, he face the problem of the dia- could oot misguess, and

was also highly probable that club suit was available to prohe held the heart queen, for he wide a discard

Added to this was a key elepassed originally. He would

eould oot misguess, and claimed the cootract wheo East played the king. If neces-West had produced the sary, he would have played the spade ace and the heart ace. It queen from his hand, for the West led the heart ace.

1222 ` '32 === The state of the s EAST COLUMN TO THE PARTY OF THE **♣KQ73** WEST(D)

♦ A73 ♥ AQ92 ♦ 82

Burns Holds Angels to One Hit in 11-0 White Sox Victory

lowed only one hit - a two-out Minnesota past Kansas City, 7-6. single by Mike Brown in the seventh inning — and Cartion Fisk,
Tom Paciorek and Greg Luzinski
hit successive first inning home
runs Friday night to carry the Chicago White Sor to an 11-0 rout of

the California Angels. Burns (9-9) did not allow a baserunner until Brown lined a single to center with two outs in the sev-

FRIDAY BASEBALL enth inning. The only other batter to reach base against Burns was Ron Jackson, who walked in the

eighth.
The pitch felt good when I released it," Burns said of the fastball that Brown hit. "You can't be anything but disappointed. It [a oc-hitter] would have been a thrill." Yankees 5, Orioles 3

In New York, Graig Nettles hit a tie-breaking, two-run homer in the eighth inning to lift the Yankees to a 5-3 victory over Baltim :: Red Sox 6, Indians 4

In Cleveland, Dave Stapleton drove in four runs with a three-run homer and a single and Dwight Evans hit his first home run since July 30 to lead Boston past the Inidans, 6-4. Brewers 2, Tigers 1

Tigers 2, Brewers 1

In Milwaukee, right fielder Charlie Moore misplayed ao eighth-inning fly ball that enabled Chet Lemon to score and give the Tigers to a 2-1 victory over the Brewers and a split of their doubleheader. In the opener, Cecil Cooper's two-run homer and the combined six-hit pitching of Moose Haas (13-3) and Peter Ladd gave the Brewers a 2-1 triumph. Jack Morris (18-10) took the loss.

Twins 7, Royals 6 In Minneapolis, Kent Hrbek's A's 7, Blue Jays 5

out single in the eighth drove in pinch runner Rusty McNealy to highlight a three-run rally and spark Oakiand's 7-5 triumph over the Blue Jays.

Marieers 6, Rangers 4 runs and Mike Moore and Mike Tom Seaver allowed six hits over the Padres past Cincinnati, 8-2. Giants, 7-4.

190 229 200—7 14 1 868 829 115—4 & 1

Nickro, DiPine (C) and Bierkman: Davis, Calvert (4), McGethern (9) and Nicosia, W— Nickro, 13-12, L—Davis, 3-4, HRs—Houston, Gerner 113), San Francisco, Glodden (1).

AMERICAN LEAGUE

United Press International leadoff home run in the 10th — his Stanton combined on a six-hitter to 8½ innings to help New York de- Andy Hawkins (4-6) pitched a Second home run of the game — lead the Mariners past Texas, 6-4. feat the Expos, 5-4, and end Mon- four-hitter for the triumph. Phillies 4, Pirates 3

In the National League, in Philain Teronto, Mike Heath's one- delphia, Joe Lefehvre singled home Willie Hernandez with two ont in the top of the 13th inning to lift the Phillies to a 4-3 victory over Pitts-

treal's four-game winning streak. Cardinals 6, Cubs 5

gled in the winning run in the top of second inning and Pedro Guerrero the 10th off Lee Smith to lead St. homered to lift the Dodgers to a 3-2 Louis past the Cubs. 6-5.

Mets 5, Expos 4 In San Diego, Bobby Brown's In San Francisco, Phil Garner lo Montreal, Keith Hernandez, three-run homer capped a four-run drove in three runs and Joe Niekro

Padres 8, Reds 2

Dodgers 3, Braves 2 In Los Angeles, pitcher Alejan-In Chicago, Willie McGee sin- dro Pena hit a two-run single in the victory over Atlanta

Io Seattle, Al Cowens and Al who went 3-for-3, singled home the chambers hit back-to-back home tie-breaking run in the seventh and McReynolds had two RBIs to lead six-hitter as Houston defeated the Friday's and Saturday's Major League Line Scores

"Everything went all right," said Australia II spokeswoman Lesleigh Green.

Mark Vinhury, the American member of the International Measurement Committee, said the yacht must go through one final measurement in water before final approval is issued to compete in sailing's most prestigious competition. Vinbury participated in the New York Yacht Club's unsuccessful attempt to oust the yacht this summer with the New York Yacht Club's unsuccessful attempt to oust the yacht this summer with her incredible winning record.

Australia II representatives, who waited at the Cove Haven Marina until the week hours for the measurement to be completed.

at the Cove Haven Marina until the at the Cove Haven Marina until the hours for the measurement to be completed said the remaining "flotation" test was roll tine and they had no doubts the yacht would the and they had no doubts the yacht would the best Tuesday, the start of the best

said the remaining "Hotanon"
tine and they had no doubts the yacht would
be in top form Tuesday, the start of the best
of seven series.

The Australian team, however, prevented,
the public from seeing the keel, which was
kept hidden by plastic curtain while the boat
was moved into a shed for examination and
the doors locked behind it. was moved into a shed for examinance the doors locked behind it.

Under the America's Cup conditions, the defending and challenging yachts.

both the defending and challenging yachter must be inspected before the start of the races with a representative of the competing, yacht club observing.

CFL Standings

| Amount of Berry: Burne and Fisk Hill 181. W-| 2013]. | Amount of Berry: Burne and Fisk Hill 181. W-| 2013]. | Amount of Berry: Burne and Fisk Hill 181. W-| 2013]. | Amount of Berry: Burne and Fisk Hill 181. W-| 2013]. | Amount of Berry: Burne and Fisk Hill 181. W-| 2013]. | Amount of Berry: Burne and Fisk Hill 181. | Amount of Berry: Burne and Fisk Hill 181. | Amount of Berry: Burne and Berry

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Australia II Obtains International Approval Of Controversial Keel

United Press International

NEWPORT, Rhode Island — Australia

Il passed a major hurdle Samrday to battling Liberty in the America's Cup Races
with an international approval of the boat's
with an international approval of the boat's
measurements and her winged keel.

SPORTS

musing though honders the person of the pers

Secrete The True Adams of the Problems of the

I'd go that far. You can use any adjective serve, making it difficult for Evert to estab-that will fit. Use a good one." serve, making it difficult for Evert to estab-lish any thythm on her ground strokes (12 but said she "wasn't playing well enough to



Martina Navratilova returning a Chris Evert Lloyd shot on her way to the U.S. Open title.

inally, the gnost of Pap beauty decaded Pap beauty in Matthews here currently was relicable such the had in the original A state to the original A state frightening of the 11 subsequent. The Description in Final rightering if it is substant, and it is the substant, all in Twain book paral. For Rematch in Final mod's dear terror bar so book has a color before by the substant book by the substant beautiful to t

is, such unfirmshed business at med - ht. 70! such king! their apparent ghostly are and Ivan Lendl, winning early Saturday advanced to the men's final of the U.S. Open terms championate — Paper and a many start of the second consecutive are — Paper and a many start — for the made by larguage.

Lendl, seeded second, put down the for the second put down Washington Post Service ...

his authorized states and men senting more than the third seed, imped on a twisting Arias into compromising to the victorial sprained little toe through the last shots. wain once insidered with a games of his victory over Bill Scan-Adventures. In which that me lon, 6-2, 6-3, 6-2.

old rear Twar Had and Connors beat Lendl list year in the bear a persuade this that four sets for a championship he would be a Consumer of Herias first won in 1974 - when Lendl and Matthew the Bress to was a 14-year-old boy in Ostrava, oby Description from 18 was a 14-year-old boy in Ostrava, oby Description from 18 was a 14-year-old boy in Ostrava, oby Description from 18 was a 14-year-old boy in Ostrava, oby all American from 18 was a 14-year-old boy in Ostrava, object to all American from 18 was a last of Grand Slam championships.

Lead has wen many titles but

Lendl has won many titles but The new there is sever to be never one of the big ones, giving the sever a sever to be to speculation that he doesn't tilles. with a series from page have the right stuff to take the last ndisky that an index Arms step to greatness.

the with a second in Healthing. The no amateur psychologist, rel mine in the second in Second Conners said when someone pescondering the withervalue tered him to plumb the depths of all as Matthew with a right Lendl's mind. "I have enough the to put to conside problems of my own." As for Lendl, he said, "No,"

when asked if he were nervous fred about Sunday's match. Nor should be be. As good as Compors has been this year, not losing a set, Lendl has matched

him. Connoce plays, as he says, for blood, saving nothing back as he slugs winners from every angle. but no less the blunt instrument of

pain Se Saturday, with sledgehammer forchands Lendl dispatched Arias in straight sets. Arias, 19, won the Italian Open éarlier this summer, was the ninth seed here and became the youngest semifinalist since the Open first admitted professionals

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Arias said, "I sensed Lendl getting tight when I broke him" and needed only a single point, at triple set point, to win the second set. "Since he hasn't lost a set and hasn't won a Grand Slam tournament and everybody keeps reminding him of these things, he might have gotten a bit nervous."

Down love-40 on his serve at 4-5 in the second set, Lendl did, in fact, seem in disarray. He had double-faulted three times in his previous seven service points, twice scowling at the electronic eye that calls the service lines.

Autifalia II ()hill past Arias, scored with a first serve, in the line with a bold fore-hand and closed it out with a laser-beam are said on the with a laser-Of Controversal first serve to the backband.

"At 30-40, This serve to the backband.

Lendl said. "And then I got away." The electric moment of the match came when Arias crashed a

forehand into Lendl's wheelhouse The sound of the dueling forehands was that of small explosions. Lendl's won the war unconditionally. Besides which, he served 11 That serve carried Lendl in the

second-set tie breaker. Arias, who it — for the mode by larguage.

Lendl, seeded second, put down led this one at 3-2 when Lendl is made of a thing that a white limity Arias, 6-2, 7-6 (7-3), 6-1 in suddenly won four straight points, the box. Further the suddenly won four straight points, the sufficiency and sufficient semifinal match. Then Continue the first two set up by strong serves, this authorities are the third seed, famped on a twisting Arias into compromising

"I seemed to fall apart," said

So Lendl moves on to another match with Connors, who holds a 10-3 edge in their meetings the past five years. Since Connors won their first matches, Lendl has won three of the last five, including a straight-set victory at Montreal last month.

Connors left Scanlon mattering Saturday. Scanlon, who defeated the top-seeded John McEnroe in the round of 16, was down, 3-0,

"He might not have expected the harrage right away," Connors said. Whether with his serve, which was wicked, or with his thundering ground strokes, Connors turned Scanlon into a loser quickly.

Even limping through the last set, Connots was so much in command that maybe half the estimated 15,000 spectators had left for home by match point.

kicked a 30-yard field goal 3:38

into overtime Sunday to give the

New York Giants a 16-13 National

Football League victory over the

The winning field goal was set up when Mike Dennis returned the

overtime kickoff 54 yards to the

Atlanta had forced the overtim

Browns 31, Lions 26

sive tackle Doug English tackled

Sipe in the end zone with 4:44 left

to make it 28-26 and give Detroit a chance to win on a field goal, but a

Atlanta Falcons.

Atlanta 41-yard-line.

New York 11.



STILL FIRST - Steve Cram glanced back at Steve Ovett after crossing the finishing line in a one-mile race at London's Crystal Palce on Friday. Cram, the world 1,500-meters champion, finished half a stride ahead Ovett in 3 minutes 52,56 seconds, well outside the world record of 3:47.33 held by Sebastian Coe. "I hope I have now proved I am number one in the world," Cram said.

Cincinnati Upsets Penn State for 2d Straight Loss

STATE COLLEGE, Pennsylva-- Quarterback Troy Bodine led Cincinnati to two touchdowns after a pair of second-quarter furnble recoverie: Saturday as the Bearcats upset Peun State, 14-3.

The upset of last year's collegiate champions, after a 44-6 defeat by Nebraska Aug. 29, was the first

COLLEGE FOOTBALL time Joe Paterno had lost the first

two games of a season since he became head coach 17 years ago. Cincinnati, which gained 207 yards in the first half compared with 57 for the Nittany Lions, took a 7-0 lead with 13:32 left in the second quarter on an 11-yard pass from Bodine to split end Bill Booze. The Bearcats struck again with 11:16 remaining in the half on an 8-yard touchdown run by Don Goodman to make it 14-0.

Cincinnati's first scoring drive followed a fumble by Kevin Baugh on a punt return recovered by Alex Gordon at the Penn State 38. Baugh then fumbled the kickoff after a 27-yard return and the ball was recovered by the Bearcats' Scott Ivy, again at Perm State's 38. Both scoring drives took five plays, with Bodine throwing three key completions in each drive. Bo-dine completed 25 of 36 pusses for

261 yards.

Falcons Upset by Giants in Overtime Dack Marcas Dupree led Oklahothat gained that gained the Soon"I was standing over the standard of the Soon"I was standard ers chewed up Stanford, 27-14. Duprec gained 138 yards in 24 carries, and freshman Earl Johnson scored a pair of Sooner touchdowns. Southern Cal 19, Florida 19

In Los Angeles, Sean Salisbury hit Tim Ware with a 25-yard touch-

Nebraska 56, Wyoming 20 and lead the Comhuskers to a 56-

Ohio State 31, Oregon 6 In Columbus, Ohio, Mike Tome-zak fired four TD passes to pace

the Buckeyes 31-6 trouncing of Oregon. Tomczak completed 13 of 14 sses for 183 yards in the second N. Carolina 24, Memphis St. 10 In Chapel Hill, North Carolina, Walter Black returned a punt 73

Alabama 20, Georgia Tech 7 day n In Birmingham, Alabama, Ray good.

Tech, 20-7.

Notre Dame 52, Purdue 6 In West Lafayette, Indiana, Greg Bell, set up by Allen Pinkett's downfield running, scored three first-half touchdowns and added a third-quarter TD to spark Notre Dame's 52-6 rout of Purdue, Blair Kiel completed 9 of 14 passes for 166 yards and two touchdowns.

Florida St. 40, LSU 35 in Baton Ronge, Louisiana, Kel-ly Lowrey passed for two touch-downs and ran for three other touchdowns to raily Florida State from a 14-point deficit to a 40-35

Bryant, began his career as head rey hit 19 of 31 passes for a total of coach with a victory when the 223 yards, while running back Greg Crimson Tide downed Georgia Allen—the leading collegiate scorrech, 20-7. times for 201 yards.

EAST
Besten College 21, Clemson 16
Cincinnoti 14, Penn St. 2
Coloute 15, Army 13
Holv Cross 14, Boston U, 3
Pittsburgh 25, Temple 8
Rutters 22, Connecticut 5
W. Virpinia 48, Pacific U, 7
SOUTH

Alobomo 26. Georgic Tech 7 Auburn 24. S. Minstelepi 3 Florido St. 6t. LSU 35 Kentucky 31, Konsas St. 12 Kentucky 55, 7, Monshead 55, 3 Maryland 21, Venderbill 14 N. Carolina 24, Memphis Si. 10

Tutome 27. Mississipol 23
Virginio 27. Navy 16
Wake Porest 12, Virginio Tech
MiDWEST
Indiana 15, Duke 10
lowa 51, lowa 51, 10
Michigan 20. Washington 51, 17
Michigan 57. 23, Colorado 17
Missouri 28, Illinois 18
National 68, Mississipa 20 Nebroska Sé. Wyomina 20

Ohio St. 31, Oragon 6
Washington 34, Northwestern 0
Wisconsin 37, N. Illinois 9
SOUTHWEST
Arkonsos 17, Tulso 14
Boylor 48, Brightom Youns 36
Igiaho St. 12, Takan-St. Passo 10
Kansos 14, Texans Christian 16
Oktobomo St. 20, N. Texans St. 13
East western

Arguello Quits After Loss to Pryor

By Michael Katz New York Times Service

LAS VEGAS, Nevada - It was over now, and Alexis Argnello sat on the hot canvas, his legs crossed at the ankles, his crossed arms draped over his knees, and looked up as referee Richard Steele count-ed out one of the most distinguished careers in boxing.

The 31-year-old Nicaraguan, winner of 78 fights and 3 world titles, had just been knocked down Penn State's only score came in for the third time Friday night by the third period on a 39-yard field Aaron Pryor He could have gotten goal by Nick Gancitano after a up a third time, but Arguello knew goal by Nick Gancitano after a up a third time, but Argnello knew to boxing, goodbye to my old drive stalled at the Cincinnati 22 it was over, that Pryor had beaten friend Pryor."—— In Stanford, California, running in 10 months in a World Boxing

"I was standing over him and he was talking to me," said Steele. "Not verbally, but with his eyes and head. He wasn't hurt that bad. He was just beat."

Arguello, knocked down in the first and fourth rounds but back in the fight from the fifth through the down pass with no time left, allow-ninth when he noticeably tired, reing Southern California to salvage membered last Nov. 12. Pryor had a 19-19 tie with Florida in the de- him unconscious in the 14th round but of the Trojans' head coach, Ted then and Arguello knew there was

no point going on.
"I was really pushing hard at the In Lincoln, Nebraska, Mike Rozier ran for 191 yards and four lo said. "I didn't want to risk my touchdowns to pass I.M. Hipp as life. I was just protecting myself, I Nebraska's all-time leading rusher wasn't really able to have any effect on what was going oo at the end. That's when I knew that was it.

20 defeat of Wyoming.

Michigan 20, Washington St. 17
In Ann Arbor, Michigan, quarterback Dave Hall drove Michigan
75 yards, then swept left end for a
4-yard touchdown with 6:01 left as
the Wolverines outlasted WashingThat's wness a great in the Pryor with everything is got, but I don't think I even hurt him. I started wondering, What's going on? I feel good because I fought with a great lighter. He is the fastest man I ever fought, and in the fastest man I ever fought. So at 1:48 of the 10th round, a

career that had started at 16 in the dirt-floor arenas of Managua officially ended. To believe Pryor, his undefeated career ended at the same time. Emanuel Steward, who worked

Pryor's corner, said "if it weren't for Aaron, Arguello would have made history last night." The two losses to Pryor were

Ethan Horton ran for two scores as Arguello's most memorable fights. Their meeting last Nov. 12 in Mi-State, 24-10.

Arguello's most memorable fights. Their meeting last Nov. 12 in Mi-ami was the fight of the year. Friday night's battle was almost as

But Pryor, after scoring knock-down and stopped him in the fifth downs in the first and fourth round of a one-sided fight Saturday rounds, did not press his obvious advantages in speed and strength. Arguello was able to hurt him with some body shots in the eighth

When it was over, and Arguello struggled to his feet, his longtime trainer, Oscar Seary, embraced him, Arguello looked at his old friend and said, "The carnival is

say goodbye to the public, goodbye

Holmes Stops Frank

might in Atlantic City, New Jersey, and retained his World Boxing Council heavyweight championship for the 16th time in an unbeaten career, news agencies reported. In other title fights, in Tokyo, Jeff Chandler of the United States stopped Japanese challenger Eijiro

Murata one minute 54 seconds into the 10th round Sunday night to retain his WBA bantamweight title Later, he would say, "It's time to

for the eighth time. In Seoul, WBC light flyweight champion Chang Chong-ku of South Korea knocked down German Torres, a Mexican resident of Japan, twice in the 10th round and Frank's right eye, knocked him mous 12-round decision Saturday.



Aaron Pryor standing over Alexis Arguello after knocking him down in the fourth round of their championship fight.

Piquet Wins Italian Race To Cut Prost's Overall Lead

Compiled by Our Staff From Dispatches MONZA, Italy - Brazilian Neison Piquet drove his turbo-charged Brabham car to victory in Sunday's race and narrowed Alain Prost's seconds of his 43-second lead when lead in the world championship

tan, finished second at the Monra autodrome and also Prost, driving a Renault, with-drew in the 27th lap and was left

drew in the 27th lap and was left with 51 points in the championship standings. with 51 po standings. 'Armoux now has 49 points overall, two points behind Prost, while Piquet moved into sole possession

The Brazilian scored his second thumph of the season in the 13th and third from third to the 52nd and last lap. American Eddie Cheever, in a turbo-charged Renault, finished third. Piquet scored his ninth career win in 1 hour 23 minutes 10.88. seconds over 52 laps of the Monza

> (186 miles). He averaged 217.548 Riccardo Patrese, the Italian who started on pole position on the 26-car grid, dropped out after only two laps when the turbo on his.

Brabham failed. Patrese led from Piquet at the time with the Ferraris and Renaults in pursuit.

Piquet took over the lead and Grand Prix of Italy Formula-One was never headed. He lost only 18 he made his pit stop for fuel and fresh tires at the end of the 30th lap.

Over the final 20 laps, Piquet, the 1981 world champion, protected his tires and engine by easing off the throttle, but he was never in danger of being caught by Arnoux. who finished 10.21 seconds behind the leader.

Helion Permula One Grand Prix
Floats Results
1. Nelson Piquet, Brazil, Brobham, 1 hours -23 minutes 10.86 seconds 2. Rene Amoux, France, Perruri, 10.2 sec

one, benied

2. Eddle Cheever, U.S., Renoull, 18.4.

4. Patrick, Tombay, France, Ferrari, at 28.5.

5. Ellia de Angella, Italy, Lobe, at 33.7.

6. Derek Warwick, Toleman, at 1;31.2.

7. Bruno Glocomelli, Italy, Toleman, B. Nigel Monsell, Britain, Latur, 1:36.035.

estile Standing

2. Arnoux, 47, 2. Pievet, 46, 4. Tombay, 40. 5. Keke Rosbert 9. Jacobies Laffite, France, Williams, 17 18. Michael Alberatto, Halv, Tyrrell, 10.

Compiled by One Stuff From Dispetches holding penalty pushed the Lions passing woke up a sluggish Dallas ATLANTA — Ali Haji-Sheikh back to their own 37 — out of field offense and the defense intercepted s gave Sipe, a 10-year veteran, his career with the Browns.

Bills 10, Bengals 6 wide receiver Jerry Butler with a 14-yard touchdown pass in the third quarter to give Buffalo a 10-6

gaining a 13-13 deadlock with victory over the Bengals. The Ben-3:06 left in regulation play when Steve Bartkowski fired a 6-yard NFL ROUNDUP scoring pass to Alfred Jackson on a fourth down play and Mick Luck-hurst added the extra point. The

score was set up by Al Richardson, yard line with just two minutes rewho intercepted a Scott Brunner pass and returned it 38 yards to the falo defense surrendered just three yards on two runs and an incomplete pass, then stopped fullback Charles Alexander just inches from In Pontiac, Michigan, Brian Sipe set a club career record by throwing the soal line on fourth down and four touchdown passes, then had to less than a yard to preserve Kay survive a nearly disastrous safety before Cleveland could post a 31-Stephenson's first victory as an NFL head coach. 26 victory over the Lions. Defen-

Steelers 25, Packers 21 In Green Bay, Wisconsin, Fran-co Harris ran for 118 yards and one touchdown and Frank Pollard added 90 yards and another score to lead a punishing ground game that carried Pittsburgh to a 25-21 deci-sion over the Packers. The loss overshadowed a brilliant performanoe by Packer quarterback Lynn Dickey, who fired three touchdown strikes to James Lofton, and finished the day 13 of 19 passes for 283 yards. Redskins 23, Eagles 13

In Philadelphia, John Riggins

ran 14 yards up the middle for the winning touchdown early in the fourth quarter to lead Washington to a 23-13 victory over the Eagles. The score was fied, 10-10, when Mike Nelms shook off four tacklers on an 18-yard punt return to give the Redskins the ball at the Eagles 43. It took just four plays for Washington to score the winning touch-down, as the Redskins broke their own NFL record with their eighth straight road victory.

two touchdowns, Danny White's Mahaffey Leads Inman,

Zoeller by 3 Strokes

Cowboys 34, Cardinals 17

In St. Louis, Ron Springs ran for

United Press International SUTTON, Massachusetts -John Mahaffey fired a 4-under par 67 Saturday for a 3-stroke lead over Joe Imman and Fuzzy Zoeller after three rounds of a PGA tournament. Mahaffey, who began the round with a one-shot lead after shooting a 69 Friday, had six birdies on the way to a 201 total, 12-mader par. Zoeller bogeyed the final hole for a 69/204. Inman had a 66/204.

goal range. The four touchdown- Jim Hart four times as the Cowboys beat the Cardinals, 34-17. 135 in his career to surpass the 134 White rallied the Cowboys from a scoring passes Frank Ryan threw in 10-0 first-period deficit to a 17-10 halftime lead with passing that set up Springs' 1-yard touchdown In Cincinnati, Joe Ferguson hit plunge and his 10-yard scoring strike to Drew Pearson. White finished the game with 19 completions in 27 attempts for 234 yards. The Dallas also defense sacked Hart five times. The 18-year NFL veteran, started at quarterback for the Cards due to Neil Lomax's bruised shoulder. He completed his gals, behind backup quarterback 5,000th career pass, making him Turk Schonert, drove to the Bills' 4 only the third quarterback in NFI only the third quarterback in NFL history, behind Fran Tarkenton maining in the game. But the Bul- and John Unitas, 10 throw 5,000

> In Chicago, Terry Schmidt scored on a 32-yard pass intercep-tion return with 10:46 left to snap a 10-10 tie and lift the Bears to a 17-10 victory over punchless Tampa Bay. Walter Payton caught a 73yard touchdown pass from Jim Mo-Mahon in the second quarter for the longest pass completion ever against Tampa Bay and Bob Thomas kicked a 50-yard field goal at the close of the first half for the Bears. Tampa Bay, shut out in its opening loss to Detroit, tied the score at 10-10 in the third quarter

yards for a touchdown and tailback

when James Owens' dived over

Throwing Error in 10th Gives Pirates a Victory Over Phillies in the bottom of the 10th inning

SATURDAY BASEBALL

Saturday night, lifting the Pittsburgh Pirates to a 6-5 victory over the Philadelphia Phillies. The decision, coupled with Montreal's triumph over New York,

the National League East. Running for Brian Harper, who had reached base on a force play, Frobel was tricked into sliding into second base when he failed to pick up Milt May's line single into center field with one out in the 10th.

Frobel got to his feel and was waved to third by Coach Joe Lonnett. Maddox' throw apparently had him beat to the bag, but third baseman Mike Schmidt, swiping at the throw, failed to come up with the ball, which bounded into the stands to score Frobel. Expos 10, Mets 9

Carbs 8, Cardinals 5 In Chicago, Mel Hall's 16th home run of his rookie season, and

second of a game in which he also hit a double and a single, broke a seventh-inning tie and gave the Cubs an 8-5 victory over St. Louis.

Astros 5, Giants 3 moved the Expos into first place in hander Jeff Heathcock, making his second major league appearance, earned his first victory as he pitched 71/2 innings of one-hit relief and gave Houston a 5-3 triumph over the Giants.

Braves 6, Dodgers 3

In Los Angeles, an error by shortstop Bill Russell on Dale Murphy's grounder allowed Brett Butler to score the tie-breaking run as Atlanta won, 6-3, over the Dodg-

Orioles 8, Yankees 4 Orioles 4, Vankeees 1 In Montreal, Tim Wallach hit a In the American League, in New

Doug Frobel scored from first base ended the New York reliever's by sweeping a doubleheader from on Milt May's single and Garry mine-game winning streak as the fading Yankees, 8-4 and 3-1.

Maddox's overthrow with one out Expos beat the Mets, 10-9.

Milt May's single and Garry mine-game winning streak as the pinch-hitter Joe Nolan singled In Milwankee Inan Berenener In Milwaukee, Juan Berenguer home the go-shead run and pinchpitched a four-hitter for his first hitter John Lowenstein's grand major-league shutout and Chet slam off New York reliever Rich Lemon drove in two runs with a

Gossage capped a six-run explosion in the minth inning as the Orioles downed the Yankees in the first game. Mike Boddicker allowed six hits over seven immings, leading the Orioles in the second In San Francisco, Houston right- game. The doubleheader was out single in the seventh inning

Major League Standings

homer and a sacrifice fly as Detroit

defeated the Brewers, 4-0, in a rain-

Blue Jays 7, A's 5

In Toronto, Dave Collins' two-

delayed game.

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Compiled by Ow Staff From Disputches 1-1 pitch off Jesse Orosco for a York, Baltimore solidified its hold played before the largest regular-second Compiled by Ow Staff From Disputches 1-1 pitch off Jesse Orosco for a York, Baltimore solidified its hold played before the largest regular-second Compiled by Ow Staff From Disputches 1-1 pitch off Jesse Orosco for a York, Baltimore solidified its hold played before the largest regular-second control of the winning run to help the Blue Jays defeat Oakland, 7-5.

> Tabler hit a two-run home run to help Rich Barnes earn his first major-league victory, an 8-6 Indians' defeat of Boston.

In Cleveland, Toby Harrah

drove in three runs with a homer

and a two-run single and Pat

Twins 6, Royals 3 In Minnespolis, rookie Tim Tenfel had three hits, Gary Ward went four for four and Tim Laudner hit his fifth home run to lead Minnesota over Kansas City, 6-3. It was the Royals' 12th loss in their last 14

Mariners 4, Rangers 2 In Seattle, Bryan Clark's nitched

a four-hitter as Pat Putnam hit a two-run bomer to lead Texas over the Mariners, 4-2. White Sox 7, Angels 6

In Chicago, Harold Baines homered with two out in the bottom of the 12th inning to give the White Sox a 7-6 victory over California

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circuit, totalling 301.6 kilometers

Hunger and Satiety

Scientists Discover the Intricacies of Appetite

By Jane E. Brody New York Times Service

MINNEAPOLIS — People commonly start esting when their stomachs growl and stop eating when they feel full. The process seems simple enough, but the latest research on appetite control indicates that hunger and satiety actually come as the culmination of an internal chemical battle so

complex that it is often hard to predict the winner.

Researchers are discovering that so many biochemical signals contribute to determining when, what and how much people eat, that they doubt whether a single all-powerful mechanism of appetite control will ever be found to help solve most weight or health problems.

As a clearer picture emerges of the intricate chain of chemical commands that govern hunger, satiety and eating patterns, researchers find that some peo-

ple have specific defects in appetite regulation that might be corrected by individualized therapy. Using different approaches, it may be possible, for example, to reduce the appetite of diabetics and ever-hungry bulimics and to stimulate that of cancer patients and people with depression or anorexia oervosa, which is characterized by an aversion to

A different approach may help those who become overweight because they crave carbohydrates or eat in response to stress. It may be possible, for example, to lower the caloric value of foods people eat by curbing a chemically determined craving for high-calorie carbohydrate — rich foods, such as candy, cookies and cake. One such treatment, a drug called naltrexone, which blocks the effects of the body's own opiatelike chemicals, is now being tested at six medical centers, including the Veterans Administration Medical Center here.

Scientists here have also shown that people who eat when under stress may be responding to the effects of internally produced opiates, which activate

the feeding drive.

According to the latest findings, the driving force that governs food consumption represents a balance between a food-seeking, or feeding, system and a sacety system that says "enough." When the cascade of opposing chemical reactions is operating properly, the individual is able to maintain a stable, and

presumably oormal, body weight without effort.

The studies suggest, however, that for people who
are obese the exercise of "willpower" in weight control often means consciously opposing an inner chemical drive that says "eat, eat" or that fails to say

According to one leader in the field, Dr. John E. Mortey of the Minneapolis Veterans Administration Medical Center and the University of Minnesota, the oew findings indicate that evolution built into animals an elaborate "fail-safe" system of appetite regulation to assure survival of the various species. If one part of the system fails to operate properly, another takes over to prevent starvation or selfdestructive eating.

"If living organisms were as prone to breakdown as motor vehicles, it would be hard to envisage the

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survival of any species," Morley said in an interview.
"If one part of a car breaks down, the car stops and you wait by the side of the road until someone comes to fix it. If the eating system worked that way, we would die. Instead, if something goes wrong with one part of the system, another takes over."

Theories of appetite control advanced over the last quarter century have involved such factors as the blood lends of sugar insuling of fatty saids and the

blood levels of sugar, insulin or fatty acids and the effects of chemicals produced in the intestines on a tiny regulatory portion of the hrain called the hypothalamus. Recent studies indicate that these theories tell only a small part of a very complex story.

Though the hypothalamus does seem to orches-trate feeding and satiety signals, research here and elsewhere has shown that it does not act alone. Rather, other parts of the brain and outlying nervous system, as well as substances within the digestive tract and the characteristics of the food itself, all combine to influence appetite and eating.

The studies also indicate that appetite control is chemically intertwined with sensitivity to pain and the regulation of body temperature in ways that would enhance survival. For example, one mor-phine-likesubstance that triggers feeding also blunts perception of pain; under its influence, an animal would be more likely to risk injury to find food.

Similarly, since eating increases heat production in the body, a biochemical link between appetite and temperature regulation would help to assure a more stable body temperature. This chemical connection is undoubtedly why people often lose their appetites in hot weather but feel hungrier when it is cold.

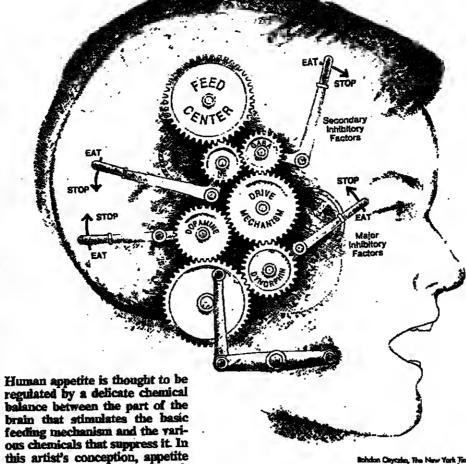
Morley's collaborator, Dr. Allen S. Levine, a chemist and nutritional scientist, pointed out that "only recently has a food supply been readily available. In the course of evolution, animals needed a food-seeking system as a driving mechanism to help them survive." Levine said. "A satiety system alone was not enough."

He noted that the Chinese hamster lacks the classic balancing systems. Since this animal lives in the desert, where food is hard to come by, it has no satiety system. Instead, when it finds food, it keeps eating and stores whatever it can get to sustain it through the lean times ahead.

A similar mechanism may exist in some people. such as the desert-dwelling Pima Indians of Arizona, who have survived long cycles of feast and famine. But with today's stable food supply, they tend to become very obese and diabetic at an early age.

In mammals food intake is regulated by a delicate alance between chemicals called monoamines and neuropeptides, as well as nutrients in the blood, integrated but not wholly controlled by the hypothalamus in the brain. However, Morley insists, the long-standing belief that one part of the hypothalamus acts as a feeding center and another the satiety center is now known to be "a gross oversimplifica tion." Other brain pathways and signals from outside the hrain transmitted by the vagal nerve also kick in, he said. Undouhtedly more await discovery,

Internally produced substances now thought to trigger feeding include dopamine, alpha-agonists



Bohdon Chyczie, The New York Time

and the opiate-like enkephalins, endorphins and dynorphin. Feeding is inhibited by such agents as serotonin, beta-agonists, cholecystokinin, bombesin calcitonin, thyrotropin-releasing hormone, conti-cotropin-releasing hormone, prostaglandins, ginca-gon, somatostatin, insulin, glucose (blood sigar), fatty acids and amino acids. These various chemicals come from the brain, the digestive tract, hormoneproducing glands, and from food itself. Some seem

to act directly, and others indirectly, to start or stop Other studies have shown that the level of the satiety agent serotonin, a brain chemical that transmits nerve messages, is influenced by the type of foods consumed. Researchers at the Massachusetts Institute of Technology showed that foods high in protein lower the serotonin level in the brain, where-as those rich in carbobydrates raise it.

is represented as a clockwork

mechanism that drives the food-

seeking impulse. When certain

chemicals are present, biological

"switches" are thrown, setting off or blocking appetite impulses.

The complexity of the control signals is illustrated by the effects of a substance called GABA, for gamma amino butyric acid. Alpha-agonists stimo-

late the release of GABA from a part of the hypothalamus. GABA, in turn, stimulates feeding by interfering with the activity of serotomin-containing interfering with the activity of serotomin-containing brain cells and suppressing the release of such important feeding inhibitors as prostaglandins, calcitonin and corticotropin-releasing factor. In other words, GABA stimulates food consumption by inhibiting several inhibitors of feeding.

The recently identified appetite inhibitor, corticotropin-releasing factor, or CRF, is produced in some

people in response to stress. Morley and Levine said CRF might be what causes patients with anorexis nervosa and depression to lose their appetites. Both have an abnormality in a hormonal feedback system that leads to high levels of this factor. The researchers also suggested that two peptides often released from cancer cells, hombesin and calcitonin, might be what causes cancer patients to lose their appetites.

As for seeking the single holy grail to cure obesity, the Minnesota researchers say the search is in vain. "Obesity may well have many different subtypes, each with its own appropriate management," wrote in The Lancet last winter.

Still, they say, as oew knowledge unfolds at an ever-increasing rate, "the day is not far off when we will be able to control the appetites of many more people" than is now possible.

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products," says one brochure.

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under-60s, the company has declared this year to be the 400th anniversary of the export of Sp.

sales campaign. . .

water and has embarked on a majo

In 1583, reference was made to see

the transport of Spa to France:
King Henry III. So with cork-popping and ribbon-cutting. Spa has inaugurated a new factory, pro-

duced a glossy film about itself and is looking hard at the foreign mar

It has bought a spring in Wales will buy another in the state o Virginia and in a quiet step awar

from tradition, has begun bottlin

Coca-Cola for Belgium and

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By Ethan Bronner

been easy to get good advertising.

In a plodding, caotious way Spa.
has sold its wares, some 370 million litres (97 million gallons) last year, mostly in Belgium and the Nether.
lands. CPA, Belgium - The Roman D naturalist Pliny marveled at it. Peter the Great, Victor Hugo and the Duke of Wellington trekked over mountains in search of it. Yet today few have heard of it. Spa water, the one-time elixir of

czars and artists, has an identity crisis. It is trying to regain the spar-

kle of its past.
Its fame as a cure-all from the 17th through the 19th centuries brought the era's equivalent of the jet set from all over the continent, earning this fading Belgian resort the sobriquet of "aristocratic cafe of Europe."
But the crumbling mansions and

tarnished brass fountains of the town testify eloquently to the lick-leness of fashion. The upstart water from neighboring France has relegated Spa to the category of a common drinking water.

Spa is the original one. The name has entered English and even Japanese as the word for a city of waters. Yet when a visitor here was taken to lunch recently by the president of its producers, Spa Mono-pole, the waitress offered French bottled water instead.

The company continues to rely on its steady clients, running a clinic that looks as if it came straight out of a Thomas Mann oovel. In a grand old neo-baroque building here, garish fountains spew forth Spa water while the elderly rich perspire away their ills in shiny brass tubs filled with mud and bub-

Surrounded by pastel fruit frescoes and marble nymphs, with the wallpaper peeling slightly, the visi-tor catches a glimpse of former glo-

But Spa Monopole is eager to take advantage of the recent fash-ionable emphasis on health.

It still sees the lure of health and long life as its selling points and ha invited leading health authorities to SAV 90. Du Bois believes the emphasis of

health, the introduction of new products and prudent investmen abroad will ultimately triumpl over the pushier style of Spa's rivals

We've been selling abroad for 400 years and we've still got anoth er 400 ahead of us," he said.

Obstacle Lifted in South-North Walk frozen tundra was too dangerous,

ANCHORAGE, Alaska - An but the state gave Meegan permis-Englishman who walked 19,700 miles (31,700 kilometers) from the tip of South America to the Arctic has won permission from an oil company to go the last six miles. George Meegan, 30, was first

George Meegan, 30, was first Argentina, to the Arctic camp of barred from crossing the Prudboe Deadhorse, Meegan, said, "The Bay oil field. Arco Alaska, which operates half the field, had said the of the planet."

Meegan, of Rainham, England, said he made the trip because he wanted to do something different. Of his hike from Tierra del Fuego.

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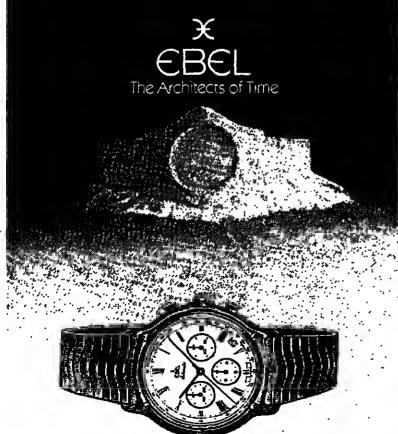
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